



Data to Drive Decisions: Curbing Prescription Drug Costs in Colorado

February, 17 2022



CIVHC
CENTER FOR IMPROVING
VALUE IN HEALTH CARE



Agenda

- Prescription drug costs and drug rebates in Colorado
- Prescription Drug Affordability Review Board Overview and charge
- Questions/Feedback from Participants
- Housekeeping: Session is being recorded, questions via the chat box

Presenters



Kristin Paulson, MPH, JD
CIVHC Chief Operating Officer



Lila Cummings, MHS, PMP
DOI Prescription Drug Affordability
Board, Director



Callie Shelton, MSW
DOI Prescription Drug Affordability
Board, Policy Analyst



Our Mission

We strive to empower individuals, communities, and organizations through collaborative support services and health care information to advance the Triple Aim: **Better Health**, **Better Care**, **Lower Cost**

We are:

- Non-profit
- Independent
- Objective



Who We Serve

Change Agents

Individuals, communities, or organizations working to lower costs, improve care, and make Colorado healthier.



Clinicians



Hospitals



Government



Consumers



Employers



Researchers



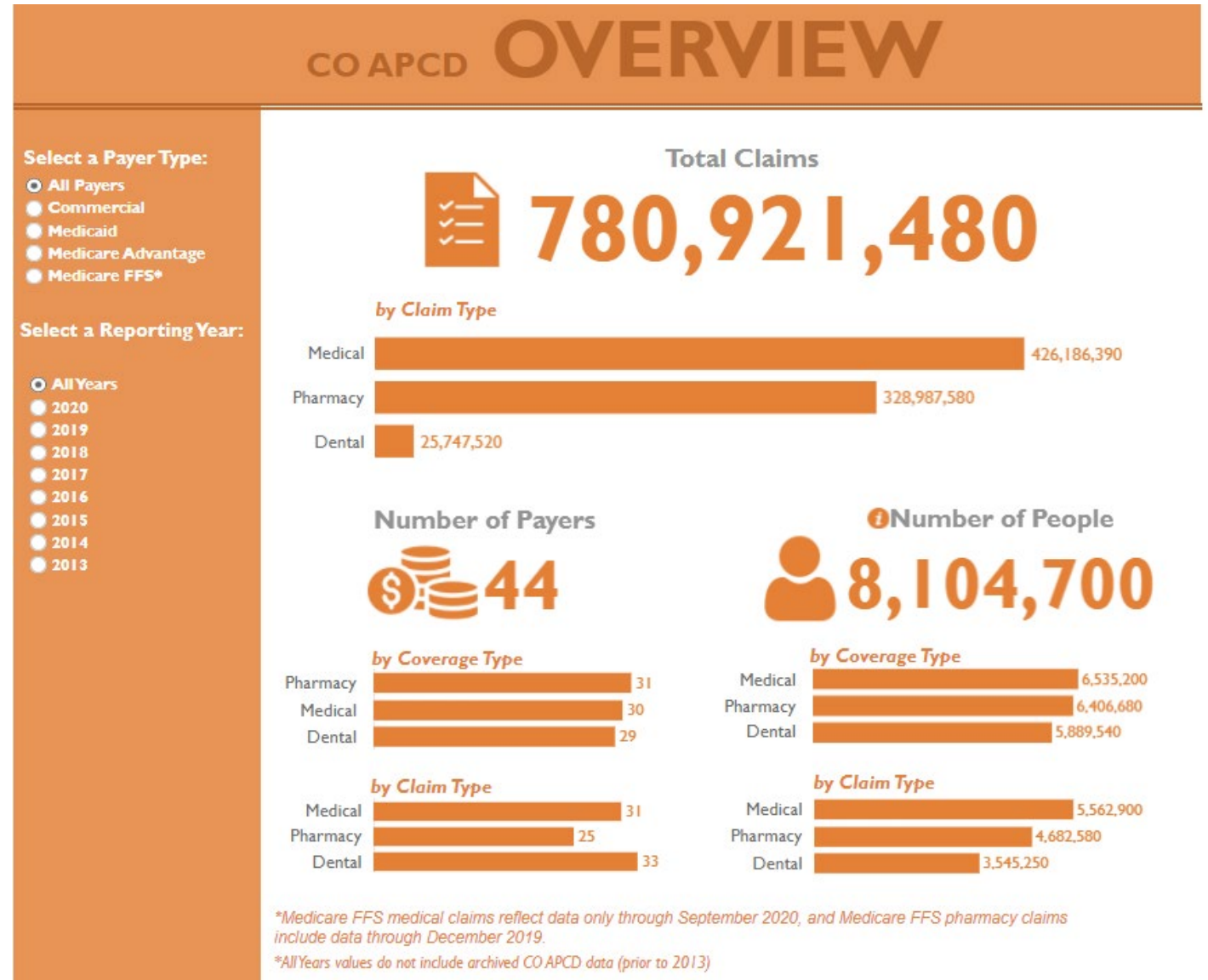
Health Plans



Non-Profits

What's in the CO APCD?

- <https://www.civhc.org/get-data/whats-in-the-co-apcd/>

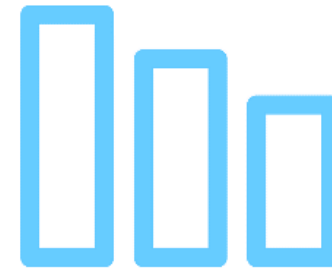


How We Inform



Public CO APCD Data

Identify opportunities for improvement and to advance health care through public reports and publications



Non-Public CO APCD Data

Datasets and reports to address specific project needs aimed at better health, better care and lower costs



Impact of Prescription Drugs on Health Care Spending

In 2019, **\$4 Billion**, or nearly

20% of Total Health Care Spending
was spent on **Prescription Drugs.**

Colorado All Payer Claims Database, 2019 data, All Payers.

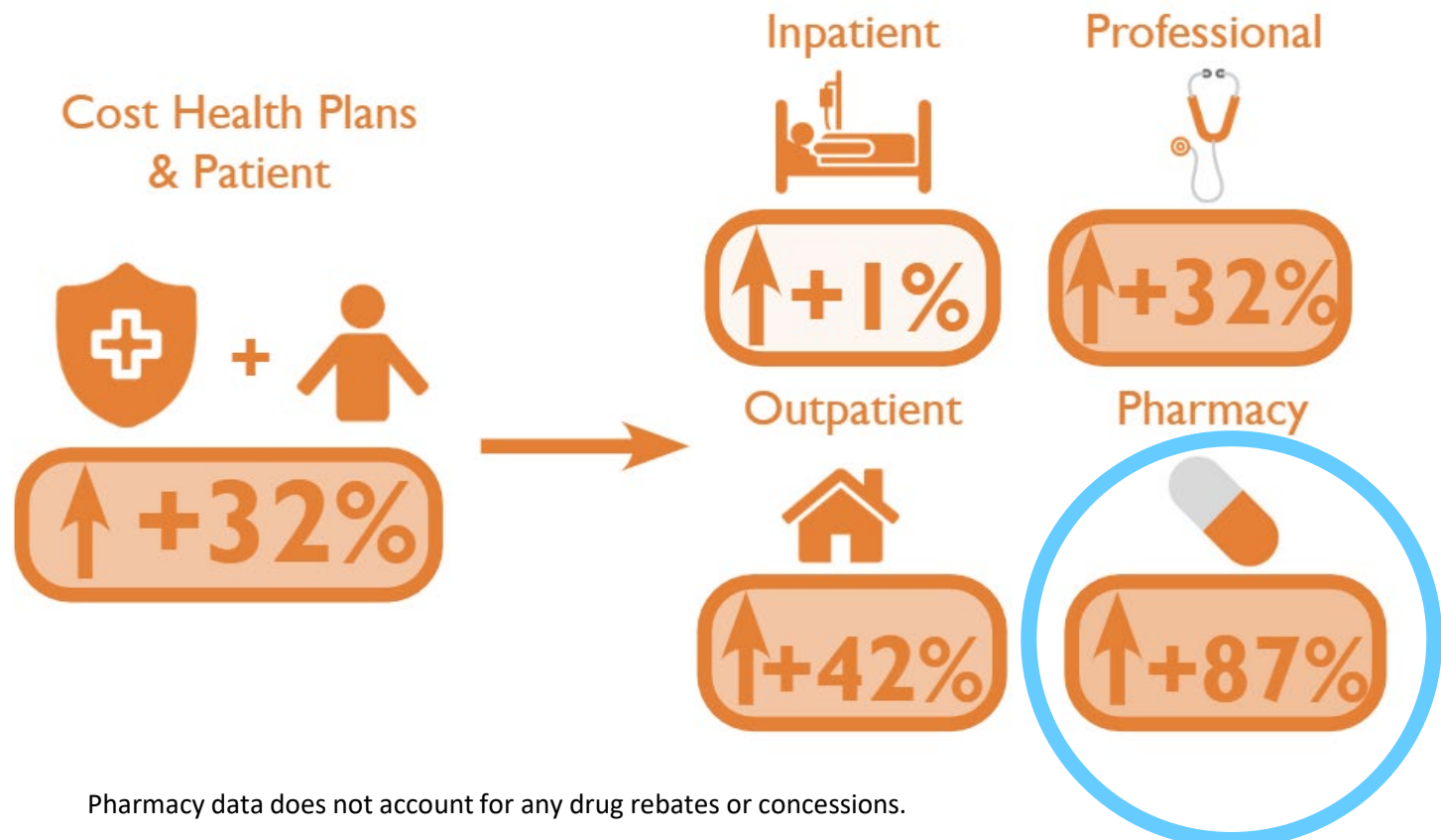
Data does not account for any drug rebates or concessions.



Prescription Drugs Costs Rising the Fastest

Source: [Community Dashboard](#) (CO APCD, civhc.org)

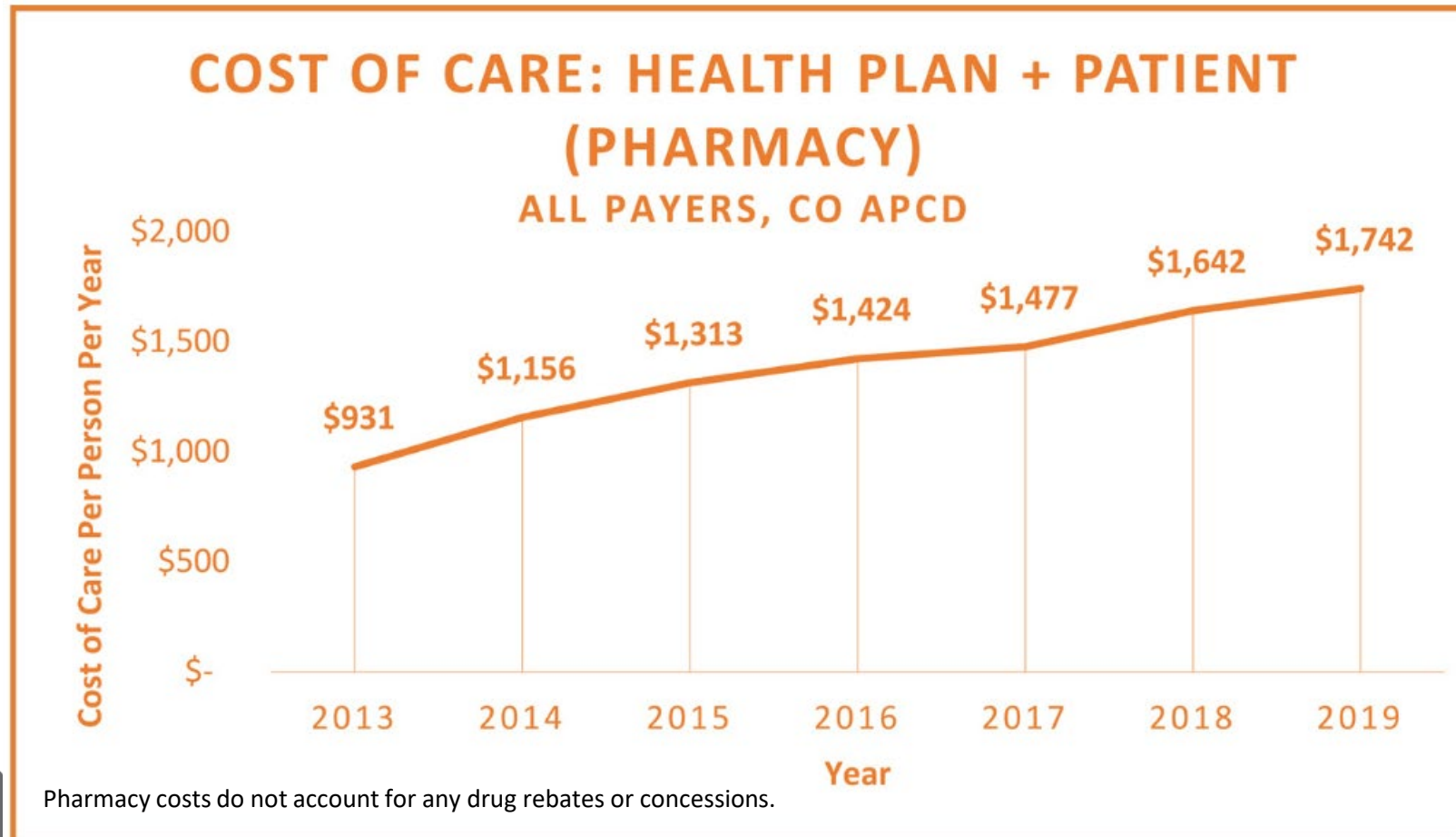
From 2013-2019, across all payers, costs rose most significantly for prescription drugs



Pharmacy data does not account for any drug rebates or concessions.

Spending Trends Year Over Year

Source: [Community Dashboard \(CO APCD, civhc.org\)](http://Community Dashboard (CO APCD, civhc.org))

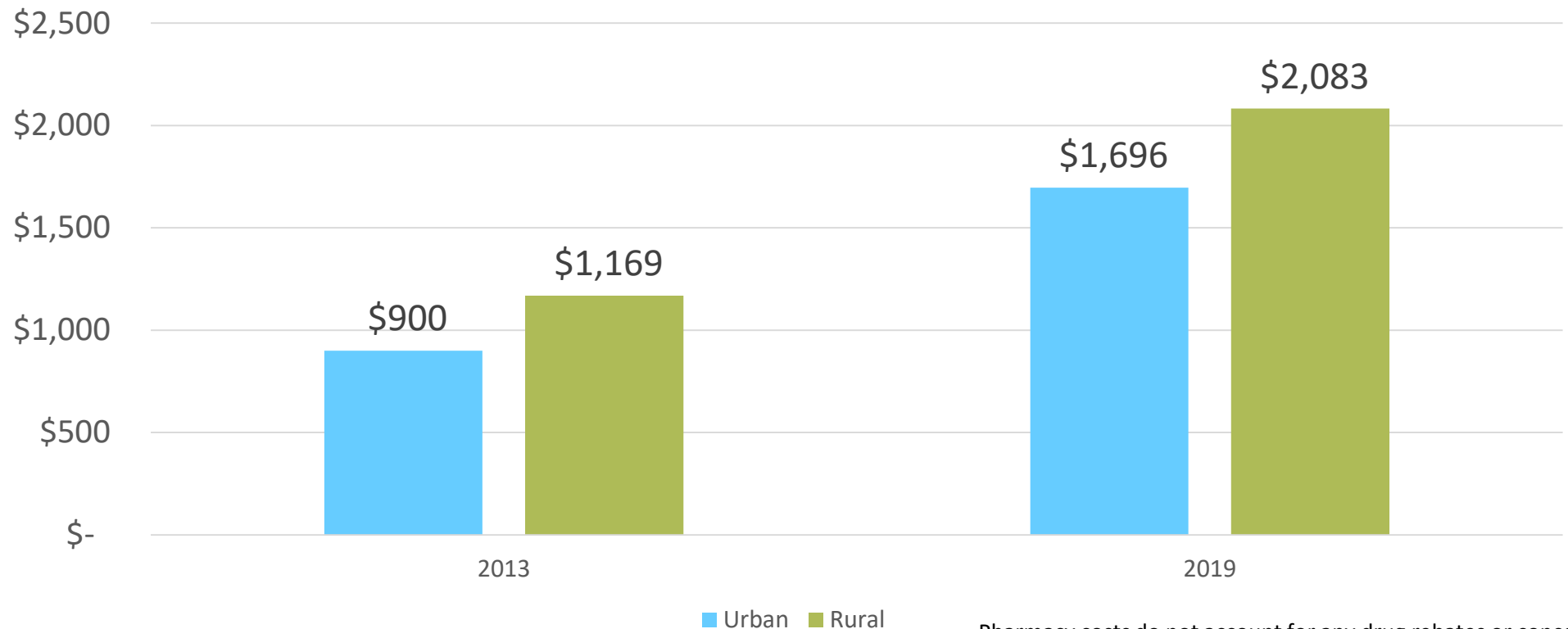


Rural/Urban Pharmacy Cost Divide

Source: [Community Dashboard \(CO APCD, civhc.org\)](#)

Rural counties spend more per person per year on pharmacy costs

(CO APCD, All Payers, Health Plan/Patient Combined, 2013 vs. 2019)



Pharmacy costs do not account for any drug rebates or concessions.

Volume vs. Spending by Drug Type

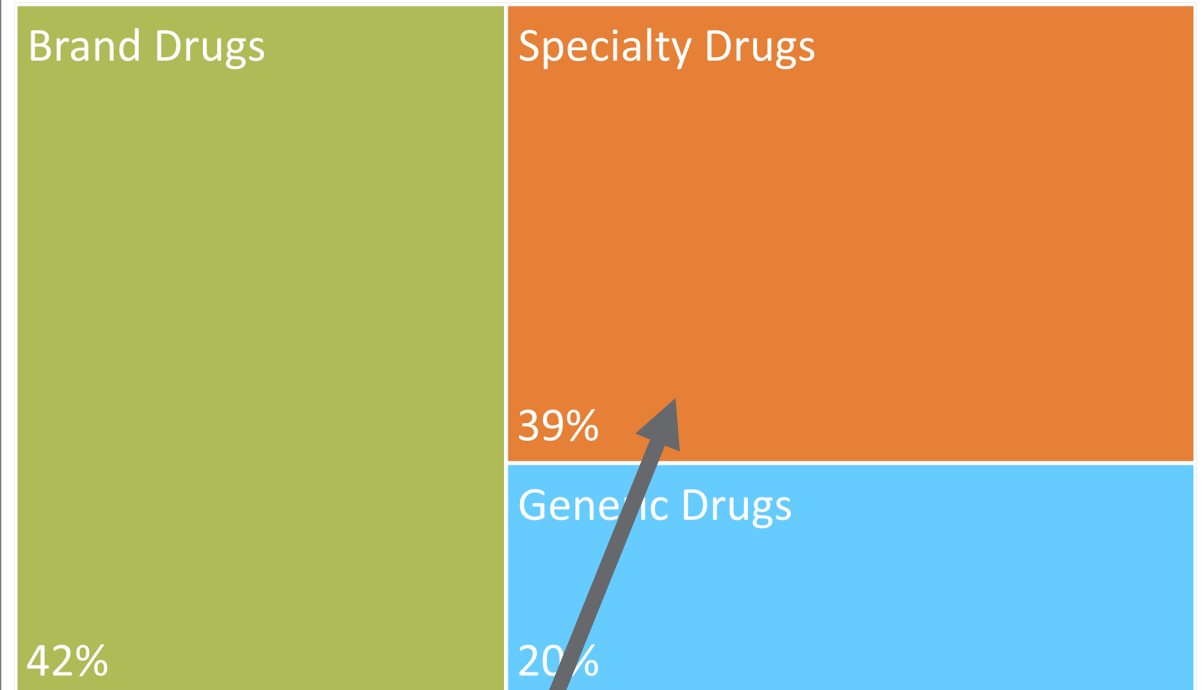
Volume of Drugs Filled, Percentage by Type

■ Generic Drugs ■ Brand Drugs ■ Specialty Drugs



Spending for Drugs, Percentage by Type

■ Generic Drugs ■ Brand Drugs ■ Specialty Drugs



Specialty drugs represent **only 1% of the total volume of prescription drugs**, yet they represent **almost 40% of total spending**.

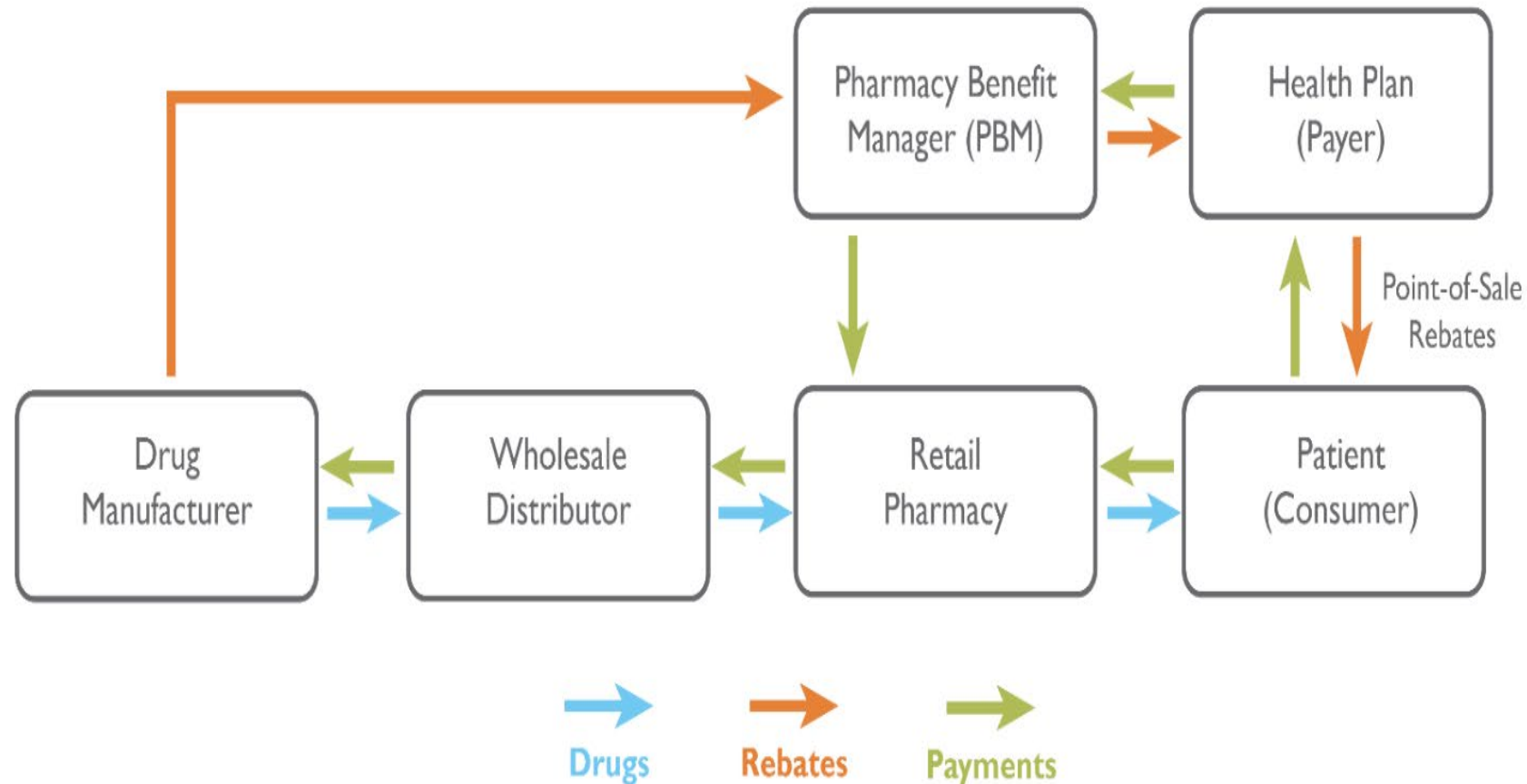
CO APCD pharmacy claims, All Payers, 2019. Does not include drug rebate or concessions.

Prescription Drug Rebates in Colorado

What is a drug rebate?

- Drug manufacturers set prices and sell drugs to wholesalers which then sell them to retail outlets (local pharmacy)
- Rebate is a return of part of the purchase price by the buyer to the seller
 - Typically negotiated between the seller and payer (Insurer or PBM)

PRESCRIPTION DRUG SUPPLY CHAIN AND FUND FLOW



Prescription Drug Rebates in Colorado

How much comes back to health insurers?

In 2019, across all payers, health insurers received 27% back in the form of rebates

Spending* Overview, 2019

**Note: All spending displayed is pharmacy spending which only includes drugs dispensed at a pharmacy and does not include physician-administered drugs in hospitals or other medical settings.*



Commercial plans received approximately 15% back in the form of rebates

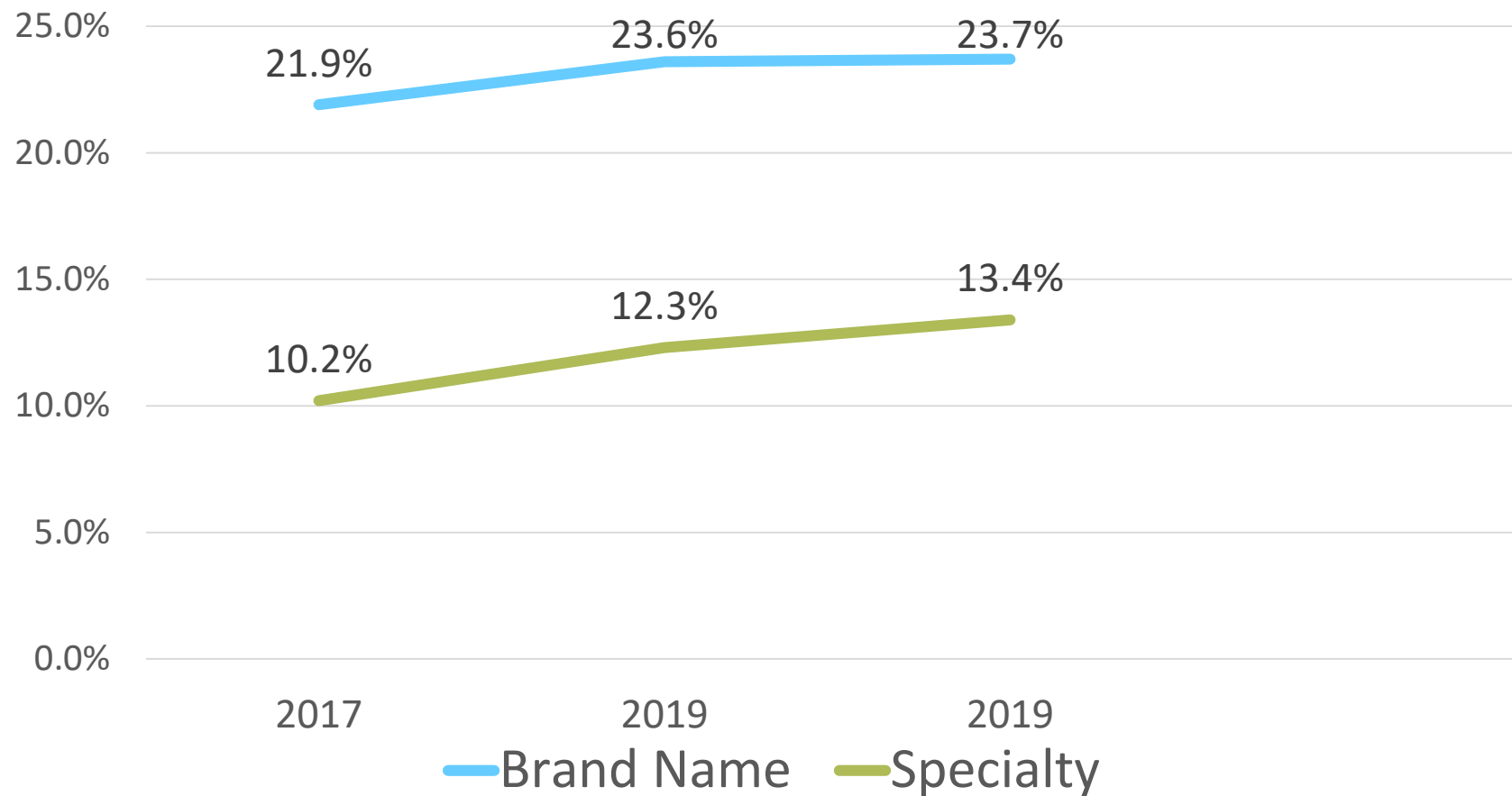
Spending* Overview, 2019

**Note: All spending displayed is pharmacy spending which only includes drugs dispensed at a pharmacy and does not include physician-administered drugs in hospitals or other medical settings.*



Prescription Drug Rebates

Rebates as a percent of total pharmacy spending continue to increase for brand and specialty drugs.

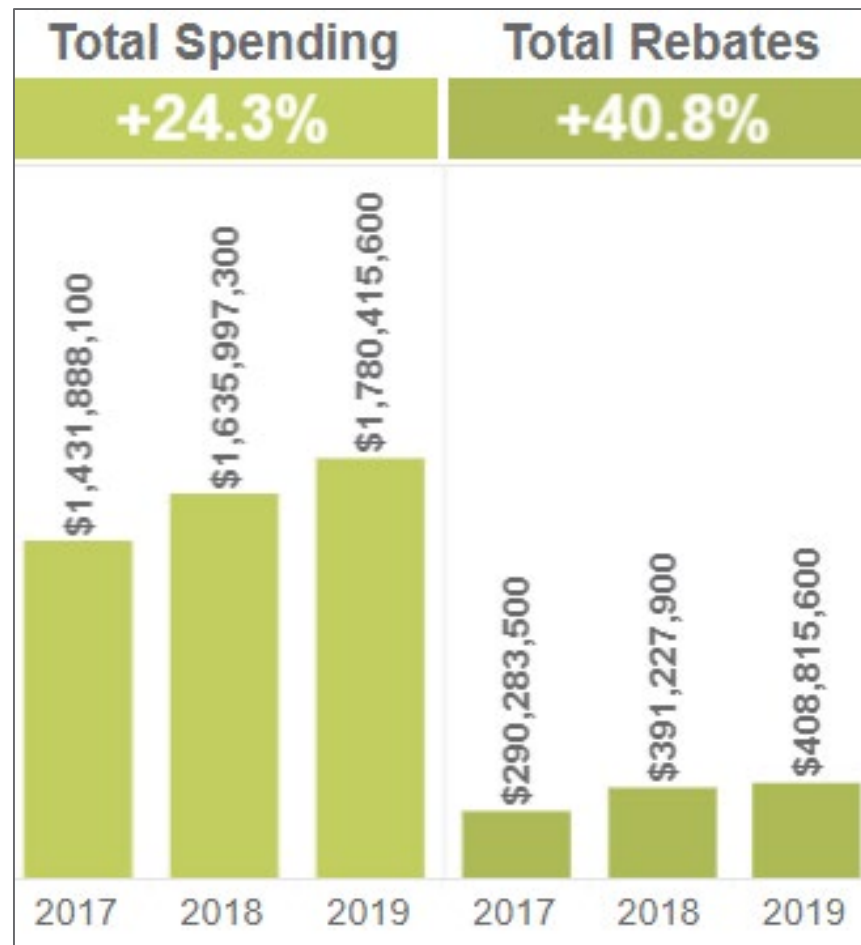


Prescription Drug Rebates in Colorado

Potentially incentivizing high priced specialty drugs



Rebates for specialty drugs rose 41% between 2017 and 2019



Changes to CO APCD Data Submission Guide

Annual file submission for the Prescription Drug Affordability Review Board

- Creating a file to enable **data collection** to satisfy requirements related to C.R.S 10-16-1405.
- Rule hearing was February 4th, 2022. New files will be submitted starting September 2022.
- Will include a 3-year look back (2019, 2020, 2021)



New PDAB Drug Rebate Data Collection

- **The fifteen prescription drugs that:**
 - Caused the greatest increases in the payer's premiums
 - The payer paid most frequently and for which the payer received a rebate from manufacturers
 - The payer received the highest rebates, as determined by percentages of the price of the prescription drug
 - The payer received the largest rebates



Prescription Drug Affordability Board

Lila Cummings, Prescription Drug Affordability Director
Callie Shelton, Prescription Drug Affordability Analyst



COLORADO
**Prescription Drug
Affordability Board**
Division of Insurance

Agenda

- Prescription Drug Affordability Board (PDAB) Overview
- Prescription Drug Affordability Advisory Council (PDAAC) Overview
- CIVHC & PDAB: Using APCD Data to Support the Work of PDAB
 - Transparency
 - Affordability Review
 - Upper Payment Limit
- Q & A
- Upcoming Events



PDAB Overview - Board Type

The Prescription Drug Affordability Board (PDAB or Board) was created, along with the Prescription Drug Affordability Advisory Council (PDAAC or Advisory Council), by [Senate Bill 2021-175](#).

5 Member Board

- Experience and/or expertise in clinical medicine or health care economics

Type 1 Board with rulemaking authority

- Within the Division of Insurance
- Meets every 6 weeks



PDAB Overview - Board Members

The Governor appointed the following PDAB Members on Sept. 27, 2021:



Gail Mizner, MD, FAACP, AAHIVS from Snowmass Village - Board Chair



Sami Diab, MD from Greenwood Village



Amarylis "Amy" Gutierrez, PharmD from Aurora



Catherine Harshbarger from Holyoke



James Justin Vandenberg, PharmD, BCPS from Denver



PDAB Overview - Responsibilities



Collect and evaluate data on the cost of prescription drugs for Colorado consumers



Perform affordability reviews when a drug meets certain triggers outlined in statute



May set upper payment limit (UPL) on drugs the Board has deemed unaffordable
**Maximum of 12/year for the first 3 years*



Make policy recommendations to the General Assembly



Beginning July 2023, report annually to the Governor and General Assembly about drug prices, Board activity, and impacts on providers and pharmacies



PDAAC Overview - Board Type

The Advisory Council is a Type 2 Board

- Meets at least quarterly
- May meet privately in groups of three or fewer members for the following purposes, so long as no formal action is taken at the meeting:
 - To gather and understand data; or
 - To establish, organize, and plan for the business of the Advisory Council.



PDAAC Overview - Advisory Council Members

The Prescription Drug Affordability Advisory Council consists of 15 members:

Kim Bimestefer HCPF Executive Director	Maria Fenwick Labor Union	Brett McQueen Research Organization
Sabrina Walker Healthcare Consumers	Nathan Wilkes Employers	Katelin Lucariello Brand-Name Manufacturer
Gail deVore Healthcare Consumers	Chad Friday Carriers	Neal Miller Generic Manufacturer
Edward Dauer Consumer Advocacy Organization	Marc Reece Pharmacy Benefit Managers	Andrew Gonzales Pharmacist
Kimberley Jackson Consumers with Chronic Diseases	Thomas Tobin Prescribers	Jason Atlas Wholesalers



PDAAC Overview - Advisory Council Members

Advisory Council members must have expertise across several subject matter areas. Current Advisory Council expertise consists of:

- Pharmaceutical business model (8 members)
- Supply chain business model (6 members)
- Practice of medicine/clinical training (5 members)
- Health care consumer & patient perspectives (12 members)
- Health care cost trends & drivers (12 members)
- Clinical & health services research (12 members)
- Colorado's health care marketplace (9 members)



PDAAC Overview - Duties

The Advisory Council provides strategic recommendations, information, materials, and/or analysis necessary for the Board to have sufficient information to make more informed decisions.

Two main Advisory Council roles are outlined in statute, which are to provide:



Stakeholder input to the Board regarding the affordability of prescription drugs (10-16-1409(1)(a) C.R.S.); and



Input regarding specific prescription drugs when the Board is selecting drugs for affordability reviews (10-16-1406(2)(c) C.R.S).



CIVHC & PDAB

Using Colorado APCD data to support the work of PDAB



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PDAB Data

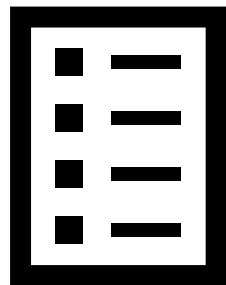
There are three main areas that have potential data needs in statute:

- Carrier & PBM transparency reporting (outlined in 10-16-1405 C.R.S.)
- PDAB work includes:
 - Affordability review processes (outlined in 10-16-1406 C.R.S.)
 - Upper payment limit processes (outlined in 10-16-1407 C.R.S.)

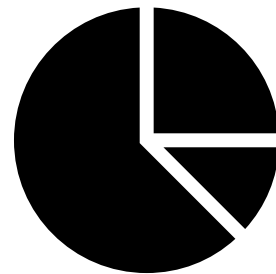


Carrier & PBM Transparency Reporting

10-16-1495 CRS outlines that, beginning in 2022, each carrier and pharmacy benefit management firm (PBM) acting on behalf of a carrier must report certain information to the APCD. For all prescription drugs dispensed at a pharmacy in Colorado and paid for by a carrier - including **brand name** drugs, authorized **generic** drugs, **biological** products, and **biosimilar** drugs - carriers and PBMs must report information regarding:



Top 15
Prescription
Drugs



Total
Spending



Carrier & PBM Transparency Reporting



Top 15
Prescription
Drugs

Each carrier and PBM acting on behalf of a carrier must report the top 15 prescription drugs in each of the following 7 categories:

By Volume
(calculated by unit)

Costliest drugs
(determined by total
annual spend)

That accounted for
the **highest increase**
in total plan spend

That caused the
greatest increase in
premiums

The carrier paid most
frequently and
received a rebate

The carrier received
the **highest** rebates

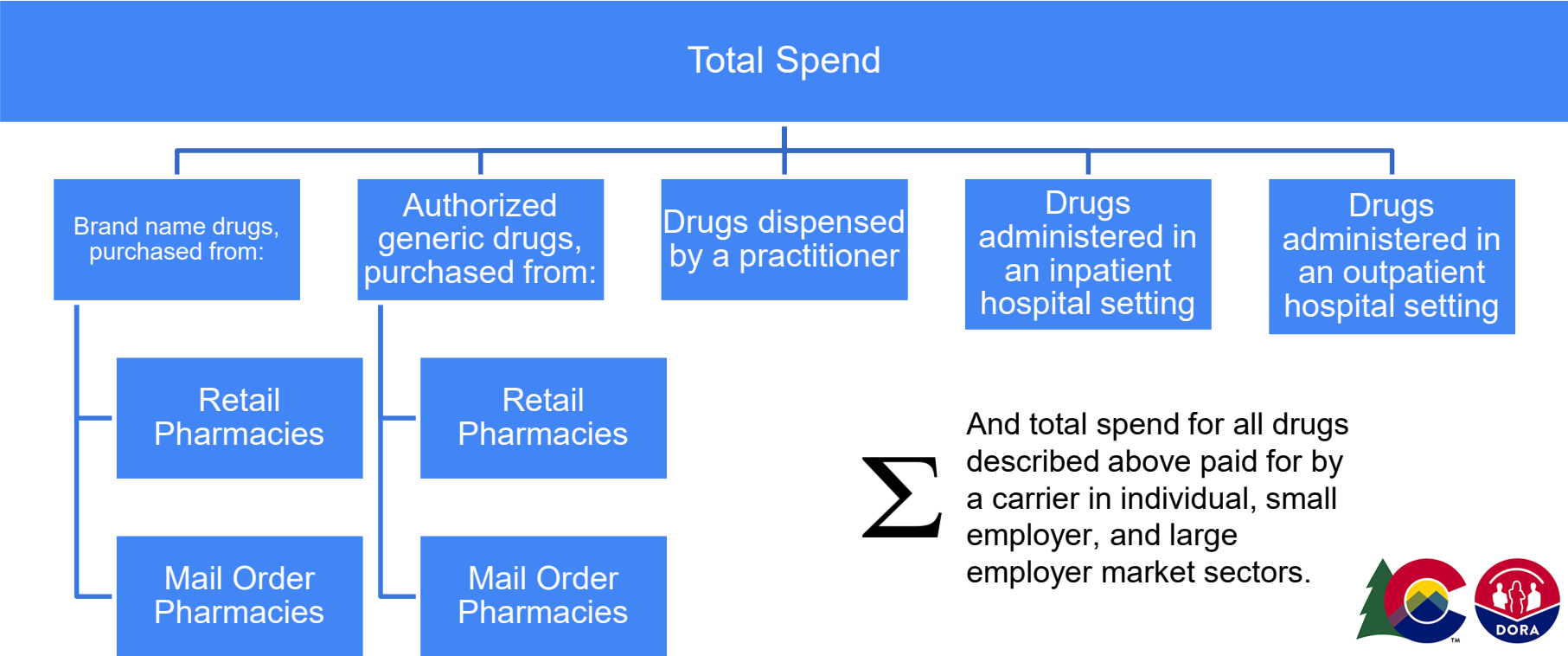
The carrier received
the **largest** rebates



Carrier & PBM Transparency Reporting



Each carrier and PBM acting on behalf of a carrier must report total spending for prescription drugs in each of the following 8 categories:



Σ And total spend for all drugs described above paid for by a carrier in individual, small employer, and large employer market sectors.



PDAB Work - Overview



Board Duties - Procedural

- Promulgate rules to establish methodologies and processes
- Establish Board policies and norms
- Establish engagement style and scope with Advisory Council, stakeholders

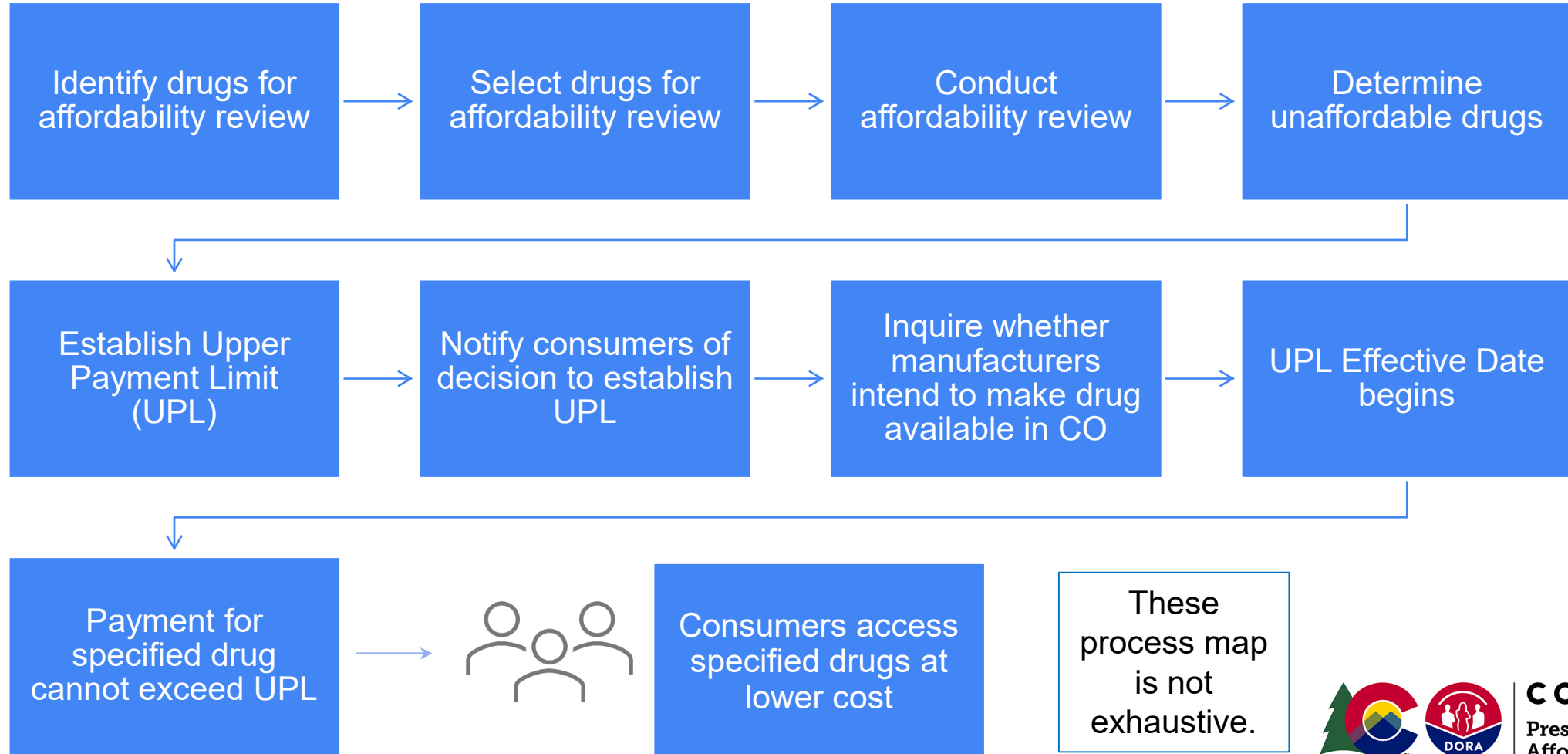


Board Duties - Substantive

- Conduct prescription drug affordability review program work:
 - Collect and evaluate data
 - Conduct affordability review work
 - Conduct upper payment limit work
 - Make policy recommendations (including reports)
- Engage with Advisory Council and stakeholders
- Monitor and revise work, rules as needed



PDAB Work - Overview



These process map is not exhaustive.



Affordability Review - Identifying Drugs

Certain prescription drugs may be identified for an affordability review, depending on the prescription drug's Wholesale Acquisition Cost (WAC):

Brand Name Drug or Biological Product

Initial WAC \geq \$30K for a 12-month supply or course of treatment

Increase in WAC \geq 10% in the preceding 12 months or course of treatment

Biosimilar Product

Initial WAC not at least 15% lower than its corresponding biological product

Generic Drug

Increase in WAC \geq 200% during the preceding 12 months & WAC \geq \$100 for:

- 30-day supply
- Supply that lasts less than 30 days
- One dose of the generic drug if the FDA does not recommend a finite dose



Affordability Review - Selecting Drugs

After identifying drugs for review, the Board will determine whether to conduct an affordability review for each identified drug

Evaluating the class of the drug and whether there are therapeutically equivalent drugs for sale.

Evaluating aggregated data.

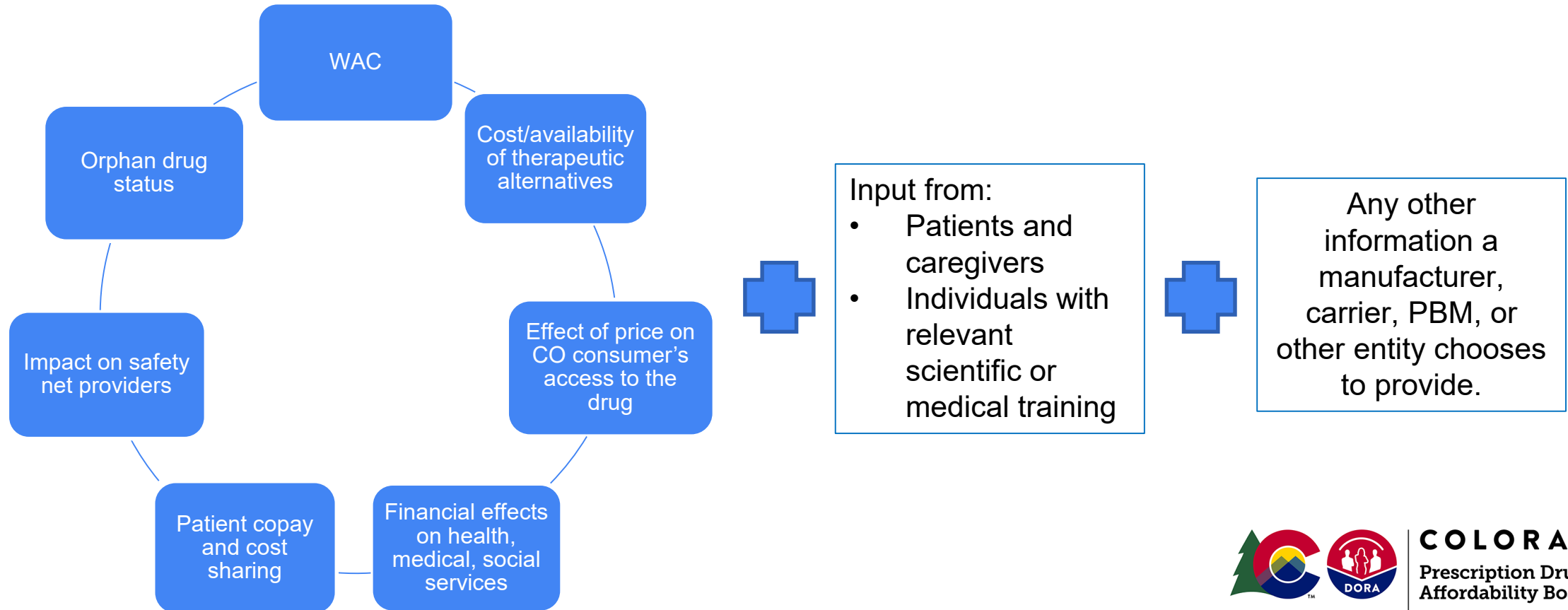
Seeking and considering input from the PDAAC about the prescription drug.

Considering the average patient's out of pocket cost for the drug.



Affordability Review - Conducting Reviews

In performing an affordability review, to the extent practicable, the Board shall consider:



Upper Payment Limit Methodology

The Board must promulgate by rule the methodology for establishing a UPL to protect consumers from the excessive cost of prescription drugs and ensure they can access necessary prescription drugs. The methodology:

Must consider

- Administration/dispensing fees
- Cost of distributing the drug to CO consumers
- Status of the drug on the FDA drug shortage list
- Other relevant costs associated with the drug
- The impact to older adults and people with disabilities

May not consider:

- Research or methods that employ a dollars-per-quality adjusted life year (QALY), or similar measure that discounts the value of life because of an individual's disability or age



Q & A



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Affordability Board**
Division of Insurance

Upcoming Meetings:

PDAAC: [Friday, Feb. 18 at 9am](#)
PDAB: [Friday, March 11 at 10am](#)

For meeting minutes, agendas, and general information about PDAB, visit

<https://doi.colorado.gov/insurance-products/health-insurance/prescription-drug-affordability-review-board>

Questions about the Prescription Drug Affordability Board and Advisory Council can be sent to dora_ins_pdab@state.co.us.



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Questions and Feedback



Reach out to info@civhc.org



Connect with CIVHC on Facebook, LinkedIn, and Twitter



Recording will be posted here:

www.civhc.org/about-civhc/news-and-events/event-resources/

Upcoming Webinars

March 31st, 12-1MT

Impact of Insurance Churn on Young Adults with Schizophrenia, Janssen Scientific

