

State Action on Prescription Drug Costs: Current Trends

North Dakota Interim Health Committee

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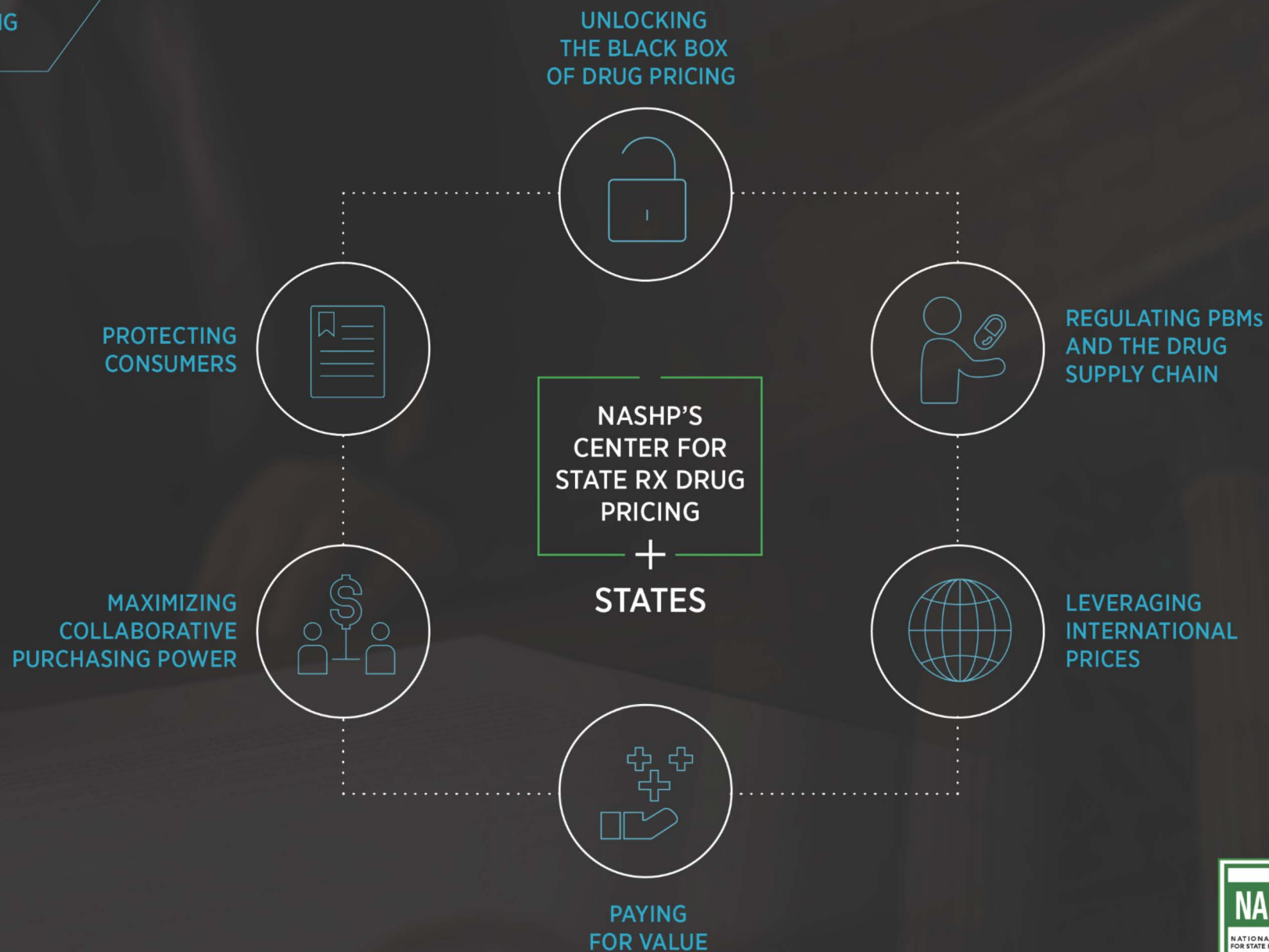
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NASHP's Center for State Rx Drug

Pricing works with states on model legislation and other strategies to take on high drug costs by:



Setting the Stage: State Action

Since 2017, legislation to address prescription drug costs has been **introduced** in all 50 states.

Since 2017, 50 states have **enacted** over 200 laws to address prescription drug costs.

Drug Pricing Laws 2017-2021							
Year	2017	2018	2019	2020	2021*	Total	In # of states
Number of States Enacting Laws	13	28	37	17	22	49	
Total Laws Enacted	17	45	62	41	46	211	
Pharmacy Benefit Manager	7	32	32	20	20	111	46
Transparency	3	4	7	4	7	25	18
Wholesale Importation from Canada	0	1	4	2	1	8	6
Affordability Review	1	0	3	0	2	6	6
Volume Purchasing	0	0	2	0	0	2	2
Coupons/Cost Sharing	1	0	4	12	9	26	18
Study	0	1	5	1	2	9	7
Other	5	7	5	2	5	24	18

*As of October 14, 2021

Prescription Drug Affordability Boards (PDABs)

1. Prescription Drug Affordability Boards (PDABs) in Maryland and Colorado have authority to set upper payment limits (UPLs):

Maryland enacted the first PDAB in 2019/Will implement UPLs for public purchasers, following approval from a Legislative Policy Comm.

Colorado passed a PDAB with aggressive timelines in 2021/May implement UPLs in Spring 2022

2. Prescription Drug Affordability Boards (PDABs) in Maine and New Hampshire set Rx spending targets for public payers

3. Oregon's PDAB will report to the Health Care Cost Growth Target program on drug price trends, drugs reviewed by the board, and make recommendations

Leveraging International Prices: International Reference Rates Model

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

Implementation Structure:

- State Dept of Insurance (Dol) would work with Board of Pharmacy (BoP)
- State Employee Health Plan identifies 250 costliest drugs
- Dol with BoP determines Canadian prices and sets Upper Payment Limit
- Payers cannot pay more than that limit for drug
- ERISA: Self funded plans may participate voluntarily
- Medicaid – exempt at first/federal rules/waivers needed
- Protects local pharmacies

Savings off US Prices from Canadian References 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



Unsupported Price Increase Model

What:

- 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
- 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
- Model Act specifies revenue must be used to offset costs to consumers

2020 UPI Report

	2018 to 2019 Wholesale Acquisition Cost (WAC) Increase	2018 to 2019 Estimated Average Net Price Increase	US Spending Impact of Net Price Change (in Millions)
Enbrel	5.4%	8.9%	\$403
Invega Sustenna/Trinza	6.8%	10.7%	\$203
Xifaxan	8.4%	13.3%	\$173
Orencia	6%	7.4%	\$145
Tecfidera	6%	3.7%	\$118
Humira	6.2%	2%	\$66
Vimpat	7%	5.6%	\$58

Potential UPI Revenue per State

Estimates of annual UPI revenue from penalizing manufacturers for unsupported prices increases*

North Dakota: \$2.1 mil

Rhode Island: \$3 mil

Connecticut: \$10 mil

Oregon: \$11.8 mil

Washington: \$21.4 mil

New Jersey: \$25 mil

**based on per capita adjustment from national numbers in ICER report*



Landscape for 2022?

- NASHP is tracking 230 Bills introduced in states in 2022
 - 99 PBM
 - 38 Coupon/Cost Sharing
 - 32 transparency
 - 17 importation
 - 13 PDAB
 - 5 anti-price gouging
 - 5 international reference pricing
 - 4 unsupported price increases
 - 17 other
- States will continue to keep an eye on Washington to see if the federal government take some action legislatively or administratively
- PDABS and other direct efforts to control costs will continue to generate interest
- Legislators will continue to introduce legislation to regulate the activities of PBMs
- Policymakers will try to understand the impact of the growth of 340B