Department of Health and Human Services Public Hearing

Drug Transparency 2023 Report Presentation

June 1, 2023, 09:00AM

Meeting Minutes

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Public Hearing to present the 2023 Nevada Drug Transparency Report pursuant to Nevada Revised Statutes (NRS) 439B.650.

The hearing started at 09:00 AM Pacific Standard Time (PST) on June 1, 2023 and was held via Zoom. There were 29 attendees.

Members of the public were offered the opportunity to make oral comments at this meeting.

Public comment: No public comment was made.

Open Hearing with presentation of 2023 Nevada Drug Transparency Program and the 2022 Annual Report and Findings

1. Obligations

    a. Department of Health and Human Services (DHHS):

        i. DHHS must compile a list of prescription drugs essential for treating diabetes (Essential Diabetic Drugs or EDDs), a list of those Essential Diabetic Drugs that were subject to a price increase that met specific criteria as well as other medication that were subject to a price increase that met criteria and also cost more than $40 per course of therapy in Nevada.

        ii. DHHS also is required to maintain a registry of pharmaceutical sales representatives that market prescription drugs in Nevada.

        iii. On June 1st of each year, DHHS is required to compile a report concerning the price of Essential Drugs with analysis of that report. The department is required to present this report in a public hearing, as we are doing today.

    b. Manufacturers

        i. Manufacturers are required to submit information for drugs that appear on these lists. For drugs included on the Essential Diabetes Drug List, a manufacturer is required to submit a report

with data outlining drug production costs, profits, financial aid, and other drug-specific information and pricing data.

ii. For drugs that experienced a price increase that met criteria, manufacturers are required to submit a report that provides a justification for these price increases.

iii. Manufacturers are also required to submit information regarding sales reps that they employ that work in Nevada.

c. Pharmaceutical Sales Representatives:

i. These representatives are required to submit information regarding health care providers and other individuals to whom they provided either drug samples or individual compensation events, typically lunch.

ii. A reportable event is any exceeding $10 per individual or total compensation exceeding $100 during the previous calendar year.

d. Pharmacy Benefit Managers (PBMs)

i. PBMs are required to submit reports regarding rebates negotiated with manufacturers or fees negotiated with pharmacies.

e. Wholesalers

i. Wholesalers report information regarding wholesale acquisition cost (WAC), volume shipped into the state, and details regarding rebates.

f. Nonprofits

i. Nonprofits are required to report, but they may publish this information on their own website. They are not required to submit anything to DHHS.

2. Medicaid

a. Nevada does not yet have an all-payers database source, so the only information we can see at this point is Medicaid.

b. Medicaid represents about a third of Nevadans, so it is a substantial piece of information, but it is not everything.

4. Review of Figures and Tables

a. Table 1. Shows the total spend in our Medicaid outpatient billing, total number of claims and average cost per claim. DHHS in this case is evaluating cost, not how many people are on Medicaid. The inception of the program was in 2017 and at that time the average cost per claim was about $85. At this point, it is over $120. The total cost per claim since inception of the program has risen

41.7%. This increase per claim eclipses the increase in Medical Consumer Price Index (CPI) for the same time period which stands at 14.7%.

b. Figure 1. Shows a comparison of Medical CPI with Medicaid Claim Cost increase by percent. The only year that was close was 2019. Every other year the claims cost very significantly outpaced Medical CPI, especially in 2020 and 2022.

c. Table 2. Shows the top three drugs billed to Medicaid by spend. Humira, Strensiq and Advate were the three drugs that we spent the most money on. This table only represents 879 patients of the 519,303 total patients that had billing in 2022.

d. Table 3. Shows the top three drugs billed to Medicaid by volume. Albuterol inhaler, ibuprofen-multiple strengths, and atorvastatin-multiple strengths.

e. Table 4. Shows the Percent of Essential Diabetes Drugs (EDDs) with price increase that met criteria. This year 1,073 diabetic drugs appeared on the EDD list. Of those, 144 had a price increase that met criteria. That is 13.4%. This is less than previous two years.

f. Figure 2. Shows total spend by claim type for 2021-2022, comparing EDD drugs, EDD drugs with price increase, over $40 drugs, and total Medicaid claims. These figures show that 2022 outpaced 2021.

g. Figure 3. Shows number of claims by type for 2021-2022, comparing EDD drugs, EDD drugs with price increase, over $40 drugs, and total Medicaid claims. These figures show that 2022 outpaced 2021. In this figure there is a significant difference in the Over $40 category.

5. The Lists

a. The *first* list is intended for consumers and is named "List #1." Our stakeholders do not respond to this list. It is just a brand and generic list of Essential Diabetic Drugs.

b. The *second* list is composed of EDDs, but also includes National Drug Codes (NDCs), and Wholesale Acquisition Cost (WAC) price. Manufacturers respond to this list. This was named "List #2." 1073 drugs appear on this list.

c. The *third* list contains drugs from list #2 that had to have reached a specific increase in price and is named "List #3". 144 drugs appear on this list. For List #3, the criteria to determine a price increase is that the percentage of price increase must exceed the Consumer Price Index (CPI) Medical Care Component in the previous year or double the last two years. For this report, those numbers were 4.0% for one year (2022) and 12.4% for two years (2021 and 2022).

d. The *fourth* list is a presentation of all the prescription outpatient drugs that cost over $40 for course of therapy that met price increase criteria and is named "List #4". The criteria are price increase of 10% or greater based on previous year or 20% or greater for previous two years. 251 drugs appear on this list. These drugs make up a small percentage of Medicaid claims, under 1%. This is much more than last year, almost quadrupled. The

average cost of a prescription on this list went from $948 to about $251. The cost of one of those claims dropped very significantly. However, the number of drugs on the list grew by about 30%. This is possibly due to there being many more drugs on the list and more mainstream drugs. It also appears that more drugs reached our threshold with an increase of 9.9% per in first year but more than that in second year.

i. Figure 4. Compares over $40 drugs by class (by drug). This is broken down by number of drugs that show up on the list (not number of claims). The most prevalent group was medication to either treat opiate dependence or was an opiate (at 27%) followed by Mental Health (at 18%). This is very similar to data collected from the previous year. The 2022 transparency report showed 25% opiates and 17% mental health drugs. Although opiates and drugs to treat opiate dependance are grouped together, the great majority were opiates themselves. Out of 251 medications on this list, 47 were actual opiates and two were drugs used to treat opiate dependency. This may be explained by the fact that there are more opiates on the market than drugs to treat dependance.

ii. Figure 5. Compares over $40 drugs by class (by claim). Steroids represent 56% of claims even though there were very few NDCs on the drug list. This is because it was so popularly prescribed.

iii. Figure 6. Shows manufacturer profit compared to expense. Production cost was the highest, over $30 billion. The next highest category was manufacturer profit at over $25 billion.

iv. Figure 7. Shows justifications for any price increase for EDDs or Over $40 drugs. For this year's report inflation was reported more often than in the past for price increase at 20% of justifications. This is for drugs that took an increase over the period of five. years.

v. Figure 8. Shows justifications for price increases defined in NRS 439B.640. In this figure inflation counts for 25% of justifications. This is for drugs that had increases that met criteria over period of two years. Another reason of note is manufacturers of opiates report regulation and safety as a significant reason for their price increases.

6. PBM Rebates

a. Manufacturers reported the financial assistance provided to consumers and rebates that were provided to PBMs. Some PBMs pass all these rebates on to insurers or consumers while others retain a portion of the rebates.

b. Most of the Essential Diabetic Drugs are generic and typically do not provide aid in the form of rebates, patient assistance or coupons. The Over $40 list also provided this information but was a much smaller list. Most of the data gathered here was from diabetic drug manufacturers.

c. The total amount of financial assistance provided through patient prescription assistance programs was over $4 billion.

d. The value of the aggregate rebates that manufacturers provided to PBMs *that were reported to this program* for Nevada drug sales was over $2 billion. This is not a complete number as some manufacturers did not provide a number specific to Nevada, but rather they provided a number that

applied to all 50 states or said that they were unable to report specifically to Nevada. In those cases, the data was left out.

6. EDDs Manufacturer Price Increase Justifications

a. Price increases were reported in two places. The first was all drugs on the EDD list (list #2) had to explain any increase in the last five years, even if this increase did not meet the criteria for "significance".

b. The second place that increases were reported was for drugs on list #3 or #4 that experienced an increase as described in NRS439B.640. These are submitted on a separate report from EDD report.

c. To assist with analysis, DHHS standardized responses into major categories. Responses were then quantified so that they could be compared for their relative prevalence. A single drug in some cases had more than one price increase justification. Examples of price increase justifications for EDDs are Research and Development 33%, Drug Comparative Value 28% and Marketplace Dynamics 17%.

d. Manufacturer responses to increase justifications were weighted. Weighting allows for a dataset to be corrected so that results more accurately represent the information being studied. As an example, a manufacturer responding with one NDC would be counted once and a manufacturer with 10 NDCs would be counted 10 times.

e. For the EDD and over $40 reports there were 96 manufacturer reports and 47 of these reported an increase over 5 years.

f. Some respondents reported a philosophy regarding how drugs should be priced, rather than drug specific information.

g. For the Significant Price Increase Report there were 50 manufacturer reports. Manufacturers often reported one or more justifications for their drug price increase. They provided a percentage of influence on price increase for each factor. Scoring was completed on an NDC level rather than manufacturer level.

8. Pharmacy Benefit Manager (PBM)

a. PBMs reported the rebates negotiated with drug manufacturers and pharmacies for prescription drugs included on Nevada Drug Lists. PBMs reported the rebates they retained, as well as the rebates that were negotiated for purchases of such drugs for use by:

i. recipients of Medicaid,

ii. recipients of Medicare,

iii. persons covered by third party governmental entities that are not Medicare and Medicaid,

iv. persons covered by commercial insurance,

v. persons covered by all other 3rd parties

b. Total reported rebates that PBMs negotiated with manufacturers for Essential Drugs for Nevadans were greater than $110 million. This was an increase compared to last year's total of greater than $88 million.

i. Table 5. Shows total reported rebates negotiated by PBMs with manufacturers. The bottom row shows how much was retained by the PBM. Some PBMs reported that they didn't retain anything at all. 2.2% was retained by PBMs.

ii. Table 6. Shows total reported fees or discounts negotiated by PBMs with pharmacies. Total reported amount of discounts/fees negotiated with pharmacies were greater than $71 Million. This number is specific to Nevada.

9. Pharmaceutical Representative Reporting

a. Sales representatives are required to report all licensed, certified, or registered health care providers, pharmacy employees, operators or employees of a medical facility, and individuals licensed or certified under the provisions of Title 57 of NRS to whom they provided eligible compensation or samples. Eligible compensation includes any type of compensation with a value of $10 or total compensation with a value that is $100 in aggregate. A total of 294,109 pharmaceutical representatives' events were reported for compensation and sample distribution to DHHS. This included 1,410 individuals with activity to report, and 240 different companies. An event can describe a lunch with several people.

b. Compensation Provided by Pharmaceutical Representatives

i. Nevada healthcare providers and staff collectively received over $5 million in compensation. The average compensation amount was $21.05.

ii. Compensation values were categorized by two compensation types...food or other.

iii. Most of the compensation was meal related and represented 96% of total compensation dollars with an average of $20.04.

iv. Since last year there has been an increase in compensation events as well as an increase in total dollars spent on these events. Although the dollar amount per event remained consistent over the last 3 years, the dollar amount spent has increased significantly as shown in Table 7. Total dollar amount in 2020 was close to $2.3 million, 2021 was close to $3.4 million and 2022 was just over $5 million. It would make sense that this increase in events could be due to Covid because there was more opportunity to visit doctors and doctors' offices.

v. Table 8 shows compensation broken down by recipient type. This table only shows 2021 and 2022. The average compensation amount is very close to the same, but the dollar amount went up for every type of recipient except for physicians. The place it went up the most is office staff which almost doubled. This is one place where aggregate reporting is allowed. I.E., lunch for 10 staff members. We noticed this year that companies are taking advantage of that which our law does allow.

vi. Figure 9 shows sample distribution events by targeted health condition as reported by sales representatives. The top three reported were diabetes (at 30%), migraine (at 10%), and mental health (at 9%).

Public Comment: No public comment was made.

Adjournment: The meeting ended at 09:26 AM