CONNECTICUT

OHS Prescription Drug Research and Analysis
12.19.24

Agenda

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02 340B Transparency

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Top Costliest Drug Annual Study

Conn. Gen. Stat. §19a-754b(d)

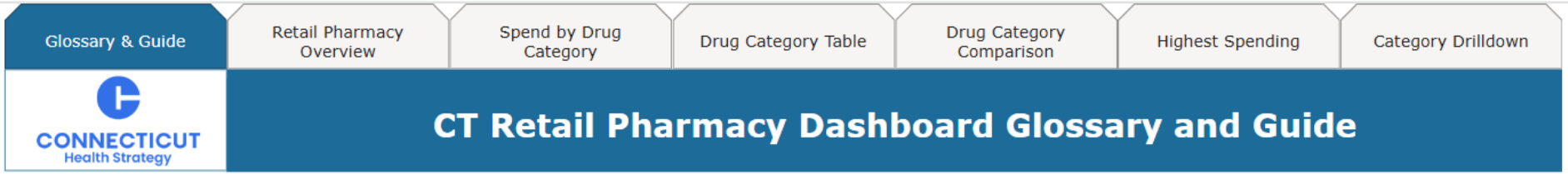
- State law (Conn. Gen. Stat. § 19a-754b (d)) requires OHS to develop a list of up to 10 prescription drugs that are provided at substantial cost to the state and meet certain criteria (drugs with a wholesale acquisition cost that increased by at least 16% and cost $40 or more for a 30-day course of treatment).
- The most recent report is available on the "Prescription Drug Cost Transparency" page of the OHS website here. The six drugs on the final list represent almost $175M in spending in the commercial and Medicaid markets.

Retail Pharmacy Dashboard (1 of 2)

In December 2024, OHS publicly launched a Retail Pharmacy Dashboard, which allows any individual or stakeholder to see CT per member per month spending on prescription drugs by market and drug category. The data from the dashboard is pulled from the All-Payer Claims Database (APCD), which includes commercial (all fully insured health insurance plans, the state employee health plan, and some self-insured including municipal) plans, Medicare Advantage, and Medicaid.

Retail pharmacy includes prescription medicines obtained by patients directly from retail pharmacies including both stores (e.g., CVS or Walgreens) and mail order pharmacies.

Retail Pharmacy Dashboard (2 of 2)



Overview

This dashboard supports analysis of retail pharmacy spending, with the goal of helping state policy makers and other interested parties understand retail pharmacy cost growth drivers. The dashboard summarizes data from Connecticut's All Payer Claims Database, extract 6012, which contains payments made through June 30, 2023. Micromedex® created the RED BOOK®, which provides drug categories and drug names displayed in the tool based on the National Drug Code (NDC). At the highest level, there are 33 drug categories used to classify drugs in this dashboard. Uncategorized drugs appear in a category labeled "Unclassified." Pharmacy spending does not include manufacturer rebates.

Mathematica built this dashboard on behalf of the Connecticut Office of Health Strategy.

Definitions

Retail Pharmacy	Drugs generally obtained from a pharmacy. Does not include drugs administered in clinical settings such as chemotherapy.
Market	Includes commercial insurance, Medicaid, and Medicare Advantage. Medicare FFS data will be added when available.
Submarket	For the commercial market, includes State Employees and Non-State Employees. For the Medicare market, includes Medicare Advantage. Note that Medicare FFS are not available. For the Medicaid market, Medicaid Primary and Medicaid Secondary. Note that long-term care spending is concentrated among the Medicaid Secondary submarket, which is comprised largely of members dually eligible for Medicare.
Member Months	The number of individuals receiving coverage from the payer each month.
Members	The number of members equals the number of member months divided by 12.
Spending	The total amount paid for a prescription claim, including insurance payments and consumer out-of-pocket payments. Manufacturer rebates

Report views

Retail Pharmacy Overview	This chart shows average PMPM, PPU, and UPK measures by market for the most recent six years. Optional filters inlcude Submarket, age group, and gender.
Spend by Drug Category	This chart shows total spending by retail pharmacy category for the year and market selected. Optional filters include submarket, generic/brand, age group, and gender.
Drug Category Table	This tables shows average PMPM spending, PPU, and UPK by pharmacy category for the market selected and for the most recent six years. Optional filters include submarket, generic/brand, age group, and gender.
Drug Category Comparison	This chart shows PMPM spending, PPU, or UPK for the pharmacy categories selected, market selected, and for the most recent six years. Optional filters incude drug category, submarket, generic/brand, age group, and gender.

Pharmacy Benefit Manager Study

PA 23-171 §7 requires OHS to study the role of PBMs in the Connecticut healthcare marketplace.

OHS has contracted with Milliman, with an anticipated completion date of January 1, 2025.

The report will examine PBM practices of prescription drug distribution, including, but not limited to spread pricing arrangements, manufacturing rebates and transparency, fees charged, financial incentives for adding drugs to health plan formularies and an evaluation of policy initiatives about PBMs of other states and at the federal level.

The report will provide recommendations to reduce drug costs to consumers and for the regulation of PBMs in the state.

Pipeline Drug Reporting System (PDRS)

- The PDRS was created in 2020 under Conn. Gen. Stat. § 19a-754b (b)(c) for pharmaceutical manufacturers to report details about pipeline drugs. OHS monitors new pipeline drugs in the PRDS, including the number and type of drugs and their manufacturers. OHS has the ability to perform a pipeline drug study using this information.

Policy Analysis and Outcome Estimation

Medicare Fair Price Savings Analysis

- Recent federal law allows Medicare to negotiate prices for certain drugs with drug manufacturers. OHS is working to analyze this policy and create an estimate of savings if the same negotiated prices were applied to all lines of business in Connecticut.

Retail Pharmacy Analyses Under Development

The Healthcare Benchmark Initiative has consistently identified prescription drug costs as one key contributor to, and cost driver of, the total medical expenditure. As a result, OHS continues to analyze All-Payer Claims Database (APCD) commercial retail pharmacy data.

•Insulin and GLP-1 Price and Utilization Trend

An analysis looking at the Hormone and Synthetic Substances Therapeutic class of drugs for the commercial retail pharmacy market. Includes spending, price, and utilization. This class makes up 19% of all retail prescription drug spending. GLP-1 (Glucagon-like peptide-1) prescriptions drugs, like Ozempic and Wegovy, are showing significant growth. Monitoring the price and utilization of these drugs will be critical to understanding spending in the immediate future.

•NADAC Pricing

This analysis looks at potential savings resulting from capping prices of high spending retail pharmacy drugs at National Average Drug Acquisition Cost levels.

Retail Pharmacy Analyses Under Development

- **J-Code Drug Prices**

J-Code drugs are injectable medications provided in doctors' offices or hospital settings. They are often more expensive than prescription drugs taken at home. This analysis looks at commercial retail pharmacy J-code drug utilization and prices in the APCD as compared to the National Average Drug Acquisition Cost price (NADAC, which is the average price that pharmacies pay for prescription drugs).

- **Drug Prices by Therapeutic Class Savings**

This analysis will explore the savings that could result from shifting utilization to lower cost drugs within a therapeutic class.

02 340B Transparency

Previously proposed legislation

Proposed 340B transparency legislation (1 of 2)

2023 Governor Bill 6669 §19 (340B transparency)

Would have required hospitals to report:

- A list of manufacturers from whom the hospitals purchased 340B covered outpatient drugs;
- A list of 340B outpatient drugs, identified by national drug code (NDC) number;
- The reimbursement amount by each payer for 340B covered outpatient drug by manufacturer, quantity, actual purchase price and ceiling price;
- The difference in cost for each 340B covered outpatient drug, by NDC number, due to the difference in the ceiling price or actual price paid, and the actual price paid by any patient or payer; and,
- Summary of how the difference in cost was applied for the benefit of the community.

Proposed 340B transparency legislation (2 of 2)

2024 SB 241 would have required a 340B covered entity to report to OHS:

- the aggregated acquisition cost for prescribed drugs obtained under the program;
- the aggregated payment amount received for prescription drugs obtained for and dispensed to patients under the program;
- the aggregated payments made to pharmacies under contract to dispense prescription drugs obtained under the program;
- the number of claims for prescription drugs;
- if the 340B covered entity is a hospital, the national drug code number for the fifty most frequently dispensed prescription drugs by the hospital under the program; and,
- a description of programs and services offered by the 340B covered entity, including, but not limited to, programs and services that support community access to care, that are funded in whole or in part by savings gained through participation in the program and that the 340B covered entity could not continue offering without such savings.

Minnesota Department of Health Report on 340B Key Findings

Minnesota Department of Health report focused on net 340B revenues generated within Minnesota during 2023 from discounted drugs purchased by participating health care organizations.

- Determined that Minnesota providers participating in the 340B Drug Program earned a collective net 340B revenue of at least $630 million for the 2023 calendar year. Based on national data, MDH believes this may represent as little as half of the actual total 340B revenue for Minnesota providers as it does not include revenue generated from many high-cost drugs—those administered in office settings—for most entities.
- The state's largest 340B hospitals benefitted most from the 340B program, representing 80%—more than $500 million—of the statewide net 340B revenue. Conversely, Safety Net Federal Grantee clinics generated the least net 340B revenue.
- A sizable volume of net 340B revenue was generated from Minnesota Health Care Programs—Medical Assistance/Medicaid and MinnesotaCare—totaling approximately $87 million.
- Payments to contract pharmacies and third-party administrators were over $120 million, representing $16 out of every $100 of gross 340B revenue was paid to external parties.