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Department of Health and Human Services Public Hearing
Drug Transparency 2024 Report Presentation

Public Hearing May 28, 2025
Summary

Date and Time of Meeting:	May 28, 2025, at 9:00 AM
Name of Organization:	State of Nevada, Department of Health and Human Services (DHHS), Division of Health Care Financing and Policy (DHCFP)
Place of Meeting:	Teleconference/Teams meeting only. No physical location

Introduction:

- Linda Fox, Drug Transparency Program Manager, DHCFP, opened the Public Hearing introducing herself, and Jessica Gerhow, Management Analyst II, Drug Transparency Program
- The notice for this public hearing was published on May 20, 2025, in accordance with Nevada Revised Statute (NRS) 439B.650
- Public Comments: There were none.
- Open Hearing with presentation of 2025 Nevada Drug Transparency Program and the 2024 Annual Report and Findings
    - History of the Nevada Drug Transparency Program
        - This program was initiated in 2017 and began with a focus on diabetes.
        - It has changed and expanded over the years.
        - It now includes not just diabetic medications but also any other prescription medication costing over $40 for a course of therapy that also experienced a significant price increase based on the Wholesale Acquisition Cost (WAC).
    - What is a transparency program?
        - The intent of program is to gather data from various entities that impact drug prices across the supply chain.
        - The program then analyzes the reports received and data.
        - Many states (22 as of now) have implemented drug transparency programs. These programs vary considerably in scope, as well as triggers for reporting.

        - Many manufacturers have hired third parties to manage their reporting responsibility. This does not change their obligations in any way and has improved the timeliness of their reporting.

- Obligations of the department and stakeholders
    - DHHS
        - Produces lists to which stakeholders respond.
        - DHHS maintains a registry of pharmaceutical sales reps that market prescription drugs in Nevada.
        - DHHS collects and aggregates information from submitted reports, and before June 1 of each year the Department analyzes and creates a report that is posted and presented publicly.
    - Manufacturers
        - Manufacturers submit information regarding drug production costs, profits, financial aid, and other drug-specific information and pricing data.
        - For drugs that experienced a recent price increase, manufacturers are required to submit a report that provides a justification for these price increases.
        - Manufacturers submit information regarding sales representatives they employ that work in Nevada.
    - Sales Representatives
        - Sales representatives themselves submit information regarding health care providers and other individuals to whom they provided drug samples and/or individual compensation events exceeding $10 or total compensation exceeding $100
    - Pharmacy Benefit Managers
        - PBMs are required to submit reports regarding rebates negotiated with manufacturers and pharmacies.
    - Wholesalers
        - Wholesalers report information regarding Wholesale Acquisition Cost, volume shipped into the state, and details regarding rebates.
    - Nonprofits
        - Nonprofits report but may publish on their own website and are not required to submit to DHHS

- Lists
    - These lists are made up of individual National Drug Codes (NDCs). That means a medication could appear more than once if it has more than one package size.
    - These lists include:

- Essential Diabetic Drugs List, or List#2
    - 1019 NDCs on this list
- A list of those Essential Diabetic Drugs that were subject to a price increase that met criteria, or List #3
    - For this list, criteria is based on Medical CPI. Specifically, the increase must exceed Medical CPI for the past year or double that number in the past 2 years
        - For this reporting period, those numbers are 2.84% for 1 and 6.61% for 2 years.
    - 123 NDCs on this list
- Over $40 Drugs List, or List#4
    - A list of medications that cost $40 for a course of therapy and met or exceeded a WAC increase of either 10% in one year or 20% in 2 years
    - 259 NDCs on this list

- Results
    - Medicaid Analysis
        - Nevada Medicaid claims data were analyzed to identify trends in prescription drug spending. This included Managed Care and Fee-for-Service claims. This dataset included the total Medicaid expenditures per NDC.
        - Since the program's inception, total prescription drug spending has increased significantly. The average cost per claim has also risen sharply, outpacing the Medical Consumer Price Index (CPI).
        - Table 1 represents medications billed to Medicaid from 2017 to 2024.
        - Summary of Table 1 Findings:
            - Total Medicaid spending on medications has increased significantly, from $428,783,630 in 2017 to $899,166,988 in 2024.
            - This represents a 109.7% increase in total spend over seven years and a 43.5% increase in cost of an individual claim.
            - The number of Medicaid claims fluctuated.
            - The cost per claim in 2024 represented a 5.61% decrease from the prior year.
            - This decrease in average claim cost per 2024 is partially attributed to the introduction of more biosimilars into the market, particularly in the group of drugs called monoclonal antibodies.
        - Summary of Table 2 Findings:
            - The spending on Humira was in the top three in 2022 and 2023 but dropped out in 2024. This was approximately $49 million in 2022, $41 million in 2023, then $14 million in 2024. This drop is likely due to the introduction of biosimilars.
            - Biktarvy remained in the top three with $40 million in 2022, $44 million in 2023, and $45 million in 2024.
            - Factor drugs (used to treat hemophilia) have been in the top three all years, though the products have varied.
            - Ozempic moved into the top three in 2024 at $35 million, up from $21 million the previous year.

- Table 3 looks at the top three medications billed to Medicaid by spend. These medications are the same medications that appeared last year. Three drugs were atorvastatin, albuterol and ibuprofen.

- MANUFACTURER REPORTS
  - Summary of Table 4 Findings:
    - Table 4 shows the percentage of drugs that had an increase that met criteria that made it carry over from List 2 to 3.
    - That number was much lower this year than last at 17.7% in 2023 compared to 12.1% in 2024.
    - That means within the diabetic medications, less medications had a significant increase.
  - Summary of Table 5 Findings:
    - Table 5 shows claims and cost by year. In this table the percentage spent exceed the percentage of claims. This indicates that the cost of medications on that list exceed the cost of the medication in an average claim.
  - Summary of Table 6 Findings:
    - Table 6 illustrates the average cost of claims since the inception of List #4.
    - The values for List #2 and #3 have increased each year except for 2024.
    - The medications on List #4 have not been consistent.
  - Summary of Figures 1,2,3 Findings:
    - Figure 1. Compares over $40 drugs by drug type. This is broken down by number of drugs that show up on the list (not number of claims). The most prevalent group seen in Figure 1 was opioid managed pain. That means that opioids used to manage pain (also drugs to treat opiate addiction) make up the biggest group of drugs that appear on the "over 40 list" at 20%.
    - Notably, when analyzing the number of claims submitted for each of these drugs, that same group continues to be the most heavily represented. In this scenario, opiates represent 90% of the claims. Because list #4 is such a small segment of Medicaid billing that it ends up being only about a quarter of a percent of all Medicaid billing. Although 90% sounds like a lot, it really doesn't turn out to be a lot in the big picture.
    - Figure 2. Shows us that the number of NDCs billed to Medicaid with increases, year over year.
    - Figure 3. Depicts the number of NDCs represented in Figure 2 as a percentage of all NDCs billed to Medicaid that year, alongside the average percent increase in WAC. This is displayed year over year.
- Drug Manufacturer Financial Assistance and PBM Rebates
  - Many of the Essential Diabetic Drugs are generic and typically do not provide aid in the form of rebates, patient assistance, or coupons.
  - The total amount of financial assistance provided through patient prescription assistance programs was $5.5 billion.
  - The value of the aggregate rebates that manufacturers provided to PBMs that were reported to this program for Nevada drug sales was $1.2 billion.
  - Figure 4. Shows manufacturer profit compared to expense.

- Production cost examples include infrastructure and equipment, materials, production labor, consumable manufacturing supplies, and direct expenses.
- Administrative cost examples include the costs of wages, salaries, benefits, accounting and legal fees, information technology, marketing, research and development, and advertising.

- Manufacturer Price Increase Justifications
  - Price increases were reported in two places:
  - All drugs on List #2 and List #4 had to explain any increase in the last five years, even if this increase did not meet criteria for "significant." This information is depicted in Figure 5.
  - Increases that met the criteria described in NRS439B.640 were reported separately via the "increase" report. Those increases are depicted in Figure 6.
  - Justifications for price increases were standardized into ten major categories. These responses were then quantified and compared for their relative prevalence. In some cases, a single drug had more than one price increase justification.
- Figure 5: Justifications for Any Price Increases for EDDs or Over $40 Drugs
  - For Figure 5 the most reported answer was research and development at 20%, followed closely by inflation and drug comparative value.
- Manufacturer Price Increase Justifications per NRS439B.640
  - The second place that increases were reported was for drugs on list #3 or #4 that experienced an increase that met criteria. This is very different than what is reported above as it only includes the reporting period of two years, and only those that met criteria. That said, the responses were similar.
- Figure 6: Justifications for Price Increases per NRS439B.640
  - For Figure 6, the most reported justification was inflation at 22%, which is the same as last year. This was followed closely by manufacturer cost at 21%.
- PHARMACY BENEFIT MANAGER REPORTING
  - 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:
    - recipients of Medicaid,
    - recipients of Medicare,
    - persons covered by third party governmental entities that are not Medicare and Medicaid,
    - persons covered by commercial insurance,
    - persons covered by all other third parties.
- Table 7 represents PBM rebate information negotiated with manufacturers, while Table 8 depicts PBM rebate information negotiated specifically with pharmacies.
- Table 7 shows us that PBMs negotiated a total of $155,450,317 in rebates with manufacturers.
  - The rebates were distributed across various sectors
    - Commercial Insurers: The largest portion of rebates, just over $103 million (about 67% of the total), was negotiated for use by persons covered by commercial insurers

        - Medicare: About $21 million (about 13% of the total) was negotiated for use by persons covered by Medicare
        - Other Governmental Entities: The second-largest share at nearly $26 million (nearly 17%) was negotiated for use by persons covered by governmental entities other than Medicaid or Medicare
    - The PBMs retained about $9.7 million, which represents about 6.2% of the total rebates negotiated.
- Table 8 represents the total amount of discounts and fees negotiated with pharmacies at about $139 million.
- This data provides insight into the complex rebate negotiation process in the pharmaceutical industry and the role of PBMs in managing these rebates across different healthcare sectors.
- Implications
    - This distribution of negotiated discounts and fees could reflect various factors, including:
        - The relative size of each sector's patient population
        - Differences in negotiating power among different healthcare payers
        - Variations in drug utilization patterns across different patient groups
        - Policy and regulatory influences on pharmacy benefit negotiations
- PHARMACEUTICAL REPRESENTATIVE REPORTING
    - Nevada's pharmaceutical sales representative reporting requirements, as outlined in NRS 439B.660, mandate the following:
    - Manufacturers must register their sales representatives that conduct business in Nevada. These sales representatives must then submit an annual report detailing their activities in the state. This includes distribution of drug samples as well as any compensation provided.
    - Reportable Recipients
        - Licensed, certified, or registered health care providers
        - Pharmacy employees
        - Operators or employees of medical facilities
        - Individuals licensed or certified under Title 57 of NRS
    - Eligible Compensation
        - Any single item valued at $10 or more
        - Total compensation with an aggregate value of $100 or more
        - Examples of compensation are listed below:
        - Food (over 95% of the time)
        - Educational Items
        - Honorarium
        - Travel costs
    - Reporting Statistics for 2024:
        - Nearly 297,000 pharmaceutical representatives' events were reported
        - 1,569 individuals had activity to report
        - 259 different companies were involved

- Many reported events involved multiple recipients, such as group lunches.
- DHHS aggregated compensation reported from pharmaceutical representative reports (Nevada healthcare providers and their staff received a total of about $6.8 million in compensation from pharmaceutical representatives during the reporting year (Table 9). The interesting thing we see here is that the number has almost doubled since 2021, when the total compensation providers and staff received was about $3.3 million. The average compensation per person was $22.09 which is only a slight increase since 2021 which was $21.12. These dollar amounts indicate that most interactions involved small-value transactions, as was the case in previous years.

- Table 10. Shows compensation by recipient type.
  - Overall, many recipient types experienced an increase in total compensation over the years. However, this did not always translate into higher average compensations.
  - Office staff has consistently had the highest total spend.
  - Doctors continue to have the highest average compensation among all recipient types listed.
- Figure 7. Depicts drug sample distribution broken down by health condition.
  - The drug samples most frequently provided were to treat diabetes (21%). This has been the case in all years the program has monitored this activity.
- WHOLESALERS
  - Sixteen wholesalers reported paying rebates this reporting period.
  - Many wholesalers reported no rebates paid and those reports are not included here.
  - Data reported included 892,859 units shipped into Nevada.
  - About $35.3 million in rebates paid to manufacturers
  - $33.5 in rebates paid to pharmacies or PBMs.
- Summary of Reports Provided and Analysis
  - Essential Diabetic and Over $40 Report: we received 102
  - Reports indicating price increases in the past five years: we received 63
  - Significant Price Increase Report: we received 55
- Key Findings
  - Medicaid Prescription Spending
  - Total Medicaid spending on medications increased by 109.7% since program inception in 2017.
  - The average cost per claim rose by 43.5% during this period.
  - In 2024, a notable 5.61% decrease in the average cost per claim was observed, the first such decrease since program inception.
- Essential Diabetes Drugs
  - 123 out of 1,019 essential diabetes drugs (12.1%) experienced price increases that exceeded medical inflation.
- Manufacturer Price Increase Justifications
  - Research and development costs (20%), inflation (18%), and comparative drug value (18%) were the most cited justifications for price increases.
- Pharmacy Benefit Managers (PBMs)
  - PBMs reported about $155 million in rebates with manufacturers.

        - About 67% of these rebates were allocated to commercial insurers.
        - PBMs retained 6.21% of the total rebates.
    - Pharmaceutical Representative Activity
        - Almost 297,000 pharmaceutical representative events were reported.
        - Healthcare providers received almost $6.8 million in total compensation, nearly double since we started recording this data.
        - Over 95% of compensation was meal related.
        - Diabetes medications accounted for 21% of all drug samples distributed to healthcare providers.
    - Wholesaler
        - Wholesalers reported about $35 million in rebates paid to manufacturers.
        - About $33 million in rebates were paid to pharmacies or PBMs.
    - Conclusion
        - This report aims to improve transparency in pharmaceutical pricing for Nevada policymakers, healthcare providers, and consumers. It highlights the complex financial relationships between various stakeholders in the pharmaceutical supply chain and identifies potential areas for policy intervention to improve medication affordability and access.
    - Public Comment: There was no public comment
    - Adjournment: Linda Fox – Closed the Public Hearing for presentation of the Nevada Drug Transparency annual report at 9:33 AM.

*A video version of this meeting is available through the DHCFP Compliance office. For more detailed information on any of the handouts, submittals, testimony and or comments please contact Jenifer Graham at documentcontrol@dhcfp.nv.gov with any questions.