Department of Health and Human Services Public Hearing
Drug Transparency 2022 Report Presentation
August 3rd, 2022, 10:00AM
Meeting Minutes
Program Manager, Linda Fox
Management Analyst, Jessica Gerhow

Public Hearing to present the 2022 Nevada Drug Transparency Report pursuant to Nevada Revised Statutes (NRS) 439B.650.

The hearing started at 10:02 AM Pacific Standard Time (PST) on August 3rd, 2022 and was held via Zoom. There were 48 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 2022 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 had a significant price increase as well as other medication that had a significant price increase and cost more than $40 per course of therapy in Nevada. The final versions of these lists were published March 26, 2022.

ii. DHHS must also compile a report concerning the price of Essential Drugs with analysis of that report. Beginning this year, the department is required to present this report in a public hearing, as we are doing today.

b. Manufacturers

i. If they produce medication 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 recent significant price increase, manufacturers are required to submit a report that provides a justification for these price increases.

c. Pharmacy Benefit Managers (PBMs)

i. PBMs are required to submit reports regarding rebates negotiated with manufacturers for drugs on both the Diabetic Essential Drug List and the Over $40 Drug List.

d. Wholesalers

i. This year, wholesalers also began reporting for drugs on these lists. Wholesalers report information regarding wholesale acquisition cost (WAC), volume shipped into the state, and details regarding rebates.

e. Pharmaceutical Sales Representatives:

i. DHHS is also required to maintain a registry of pharmaceutical sales representatives that market prescription drugs in Nevada. These representatives are required to annually submit a list of health care providers and other individuals to whom they provided compensation.

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

2. Medicaid

a. Nevada Medicaid claims were evaluated to look at trends as they apply to the posted drug lists.

b. Medicaid managed care organization and fee-for-service claims data for Nevada were obtained from the DHHS Office of Analytics.

c. Medicaid represents about 26% of Nevadans and is not a complete picture but does give the Department a point of reference.

d. In reviewing an average claim over the last five years, we can see the average went up 28.5% since 2017.

3. The lists

   a. The *first* list is simplified and shows both brand and generic names of Essential Diabetic Drugs. This is intended for consumers and is named "List #1."
   b. The *second* list is Essential Diabetic Drugs. To generate the list, DHHS compiled a list of diabetes drugs that included varying drug packaging formulations based on First Data Bank information for these drugs. This was named "List #2." 1029 individual drugs appear on this list.
   c. The *third* list analyzed this Essential Diabetic Drug List to identify those that experienced a significant price increase during the preceding one- and two-year periods. This process evaluated price increases occurring during the 2020 and 2021 calendar years. This is named "List #3." 151 drugs appeared on this list.
   d. For List #3, the criteria to determine a significant price increase is that the percentage price increase must exceed the Consumer Price Index (CPI), Medical Care Component in the previous year or double the last two years.
   e. The CPI is designed to measure inflation over time and is published by the United States Department of Labor. This measures the average percentage change over time in the prices paid by consumers for medical care goods and services. These values act as a benchmark with which diabetic drug price increases are compared to identify the drugs that had a significant price increase. For this report, those numbers were 2.2% for one year and 8.0% for two years.
   f. The *fourth* list is new this year. It required DHHS to evaluate medications that cost over $40 for a course of therapy and had a significant price increase. A significant price increase is defined differently here. It is defined as a 10% increase in the previous year or 20% in the previous two years. 178 drugs appeared on this list.

4. Review of Figures and Tables

   a. 4.6% of the medications billed to Medicaid were essential diabetic medications. These medications cost about 11% of total spend. This means the percent spent exceeds the percent of prescriptions, as seen in previous years.
   b. Diabetic medications that had a significant price increase comprised just 0.86% of total Medicaid prescriptions but 5.9% of total Medicaid spend.
   c. The average diabetic claim was $263.42 for 2021, an increase from $231.77 in 2020 and $238.38 in 2019.

d. Medications on the "over 40" list made up a very small percentage of Medicaid prescription claims. The spend was also a small percentage, however, it was disproportionate. These medications comprised less than 1% of total prescriptions with a total cost of over 4 million dollars. The cost per prescription was disproportionately high at $948.19.
e. Figure 1 evaluates "over $40" claims by what condition they treat. This is broken down by the number of drugs that showed up on the list (not number of claims). The most prevalent group was medication to either treat opiate dependence or was an opiate (at 25%). This is followed closely by mental health medication (at 17%).
f. Figure 2 shows this "over $40" group broken down by number of claims. Again, the largest proportion was opioids (at 43%) followed by mental health at 13%.

5. Drug Manufacturer Financial Assistance and 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.
c. The total amount of financial assistance provided through patient prescription assistance programs was $1.7 billion.
d. The value of the aggregate rebates that manufacturers provided to PBMs for Nevada drug sales was $245 million.

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 not considered a "substantial increase."
b. 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%.
c. For the Essential Diabetic Drug report there were 13 manufacturer responses with increases.

7. Drug Manufacturer Price Increase Justification

a. The *second* place that increases were reported was for drugs on list #3 or #4 that experienced a "substantial increase." This is very different than what is reported above as it only includes the reporting period of two years, and only substantial increases.
b. Some respondents reported a philosophy regarding how drugs should be priced, rather than drug specific information.
c. 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.
d. For the Significant Price Increase Report there were 33 manufacturer responses. The most frequent justification for a price increase was Marketplace Dynamics (at 32%), followed by Manufacturing Cost (at 26%).

8. Pharmacy Benefit Manager (PBM)

a. PBMs reported the rebates negotiated with drug manufacturers 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. other
b. Total reported rebates that PBMs negotiated with manufacturers for Essential Drugs for Nevadans were greater than $88 million. The total reported rebates are broken down into five categories that were just listed.
c. Some reports from PBMs could not be included in this final report as the data was not reported as requested and would distort an aggregated result.
d. This year, PBMs were required to break down by NDC and that may have caused some of the difficulty.
e. The issues seen by the Department include:
    i. no data at all because a third party was utilized to negotiate rebates,
    ii. reporting on all NDCs rather than those on the lists,
    iii. reporting on all NDCs on part of the report, but only requested NDCs on other parts of report,

iv. data did not correspond logically,
v. indicated more was retained than negotiated
vi. individual groups negotiated exceed total

f. Templates will be edited to simplify future reporting.

g. Of the $88,612,533 in rebates that were negotiated by PBMs, $36,184,852 were retained by PBMs. That comes to just over 40%.

9. Pharmaceutical Representative Reporting

a. A total of 266,144 pharmaceutical representatives' events were reported for compensation and sample distribution. This included 1,174 individuals with activity to report, and 229 different companies. Although only 1,174 had activity to report, 5,503 drug representatives were registered as "active" in Nevada.

b. Compensation Provided by Pharmaceutical Representatives

i. DHHS aggregated the reported compensation values from pharmaceutical representative reports.
ii. Nevada healthcare providers and staff collectively received $3,360,478.72 in compensation. The average compensation amount was $21.12.
iii. Table 7 shows that most interactions involved small value compensation transactions. Compensation values were categorized by two compensation types...food or other.
iv. Most of the compensation was meal related and represented 90.7% of total compensation dollars with an average of $19.42.
v. Since last year there was a significant increase in compensation events, a decrease in total number of manufacturers, and an increase in total dollars spent on these events.
vi. Because meals are allowed to be reported in aggregate, many chose to report this way. This limits the detail of the information provided as many fell into "office staff" category but may also fit into another category.
vii. In addition, some activity was reported that was not specific to a Nevada representative. This included 3,604 more "events." Nearly 100% were sampling events although a few were meals, and a few cases of educational materials provided. This activity is not included in charts and figures that represent activity specific to Nevada registered representatives.

viii. Samples distributed by sales representatives were broken down by health condition. The top two reported were Diabetes (at 27%), Lung Health (at 12%). This is depicted in Figure 7.

10. Non-profits
    a. Non-profits are allowed to either submit a report or post on their own website.

11. Wholesalers

    a. This year, wholesalers became part of Nevada transparency reporting. The information gathered in this first cycle did not contribute much information of value.
    b. Three wholesalers responded as requested. The WAC information provided was already available and most wholesalers reported they had not negotiated any rebates with manufacturers or any other party. One respondent indicated they negotiated rebates with manufacturers but expressed their result in percentage.
    c. It is difficult for us to determine which wholesalers handled the drugs on Nevada lists that require them to report. This is the same scenario for PBMs.

Public Comment: No public comment was made.

Adjournment: The meeting ended at 10:25 AM