April 2nd, 2019

Honorable Chair Salinas, Vice Chair Nosse, Vice Chair Hayden and Members of the House Health Care Committee,

Thank you for your consideration of our written testimony about our concerns with the -2 Amendments to HB 2678.

Over the last 10 months Pharmacy Directors and other medical leaders have repeatedly made it clear that forcing a Statewide Aligned Preferred Drug Lists (PDL) would have significant negative impacts to the ability for the state, as a whole, to reduce costs on pharmaceuticals that are provided to Oregon Health Plan Members. With local management of PDLs, CCOs have managed to create remarkable savings and keep the rate of growth on the cost of prescription drugs well below national trends.

Below is the testimony given to the Oregon Health Policy Board about concerns around the findings of the Myers and Stauffer report. The -2 amendments to HB 2678 adopt much of those Myers and Stauffer report recommendations.

Concerns about the Myers and Stauffer recommendation came from both AllCare Health's Medical Director and member of the Pharmacy and Therapeutics Committee member (Dr. Kelley Burnett) and the Vice President of Population Health and Pharmacy Services (Dr. Amy Burns). Also, below are comments from CCO Oregon Pharmacy Workgroup Co-Chairs also expressing issues with state's current course of action.

There has been repeated testimony given to the OHA and the CCOs about the extreme concerns about heading down the path of a fully aligned PDL.

As recently as Monday, March 25th 2019 the CCOs proposed language to help create collaborative process with the state to maximize collaboration with the CCOs and the State, let CCOs work with their individual community to find the best cost savings, not standardize for standardization sake, and not chase rebates.

In the most recent letter from Dr. Hargunani and Mr. Douglas they are continuing to push the Myers and Stauffer which ignore many of the CCOs concerns. The stated goals of the OHA letter would actually force more alignment likely in unnecessary ways that would hurt the patient provider relationship and, when looking at the results from the Washington State's attempts to align a PDL, not result in savings. There is reference of collaborative process is not in the amendment, which we also find concerning.

Despite repeated pleas from experts in pharmacy management the OHA still has yet to set up a table to figure out a collaborative process for the CCOs and the State to find ways to work together to create cost savings. We would ask that the committee fix the amendment with the CCOs' suggested changes before moving this bill along in the process.

Sincerely,

Josh Balloch
AllCare Health

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Testimony for Dr. Kelley Burnett to the Oregon Health Authority (July meeting)

Good morning. My name is Dr. Kelley Burnett and I wear many professional hats. I am an Associate Medical Director at AllCare Health, and a member of our CCO Pharmacy and Therapeutics Committee. I have also been a member of our state P & T committee over the last two years. Prior to joining AllCare full-time two years ago, I was a practicing pediatrician in Oregon for 20 years. During my time in practice, approximately 70% of my patients were on OHP, either CCO or FFS.

I understand the concerns over rising pharmacy costs, and the impact this is having on both the state and local CCO budgets. However, I have deep concerns about the proposal before this board from Myer and Stauffer.

I have been very impressed by our CCO staff pharmacists and their ability to operate a managed care pharmacy program. Together with our CCO P & T committee, there has been a lot of research and care put into creating a program that provides evidence-based treatment, while containing costs to the greatest extent possible. With much effort, we have been successful in keeping our pharmacy costs fairly level over the last year, which is somewhat miraculous.

From what I have observed at the state P & T meetings, the state does not currently have the structure, policies and personnel in place to provide this same level of oversight regarding drug utilization and spend for Medicaid. Tools like step edits, quantity limits, and (until recently) dose optimization are not consistently used. Utilization edits are not implemented beyond PA criteria. And to my knowledge, drug mix is not considered routinely. When review by a medical director is necessary, there is not adequate staff availability to complete this in a timely fashion. At the most recent P & T meeting last month, the committee members were shocked to learn that some of our most costly medications, i.e. drugs used in oncology, are not subject to the PA process at all.

The report from Myers and Stauffer does not address the costs to the state that would be involved in implementation of this proposed system, nor realistically address the true costs to the CCOs due to the proposed changes. This all comes at a time when the probability of the stability of the current rebate system is far from assured. Moreover, the current recommendations from Myer and Stauffer do not provide adequate opportunity for CCO collaboration in the decision making process. Public testimony at the FFS P & T committee is not an effective or appropriate manner for CCO input. Implementing these recommendations would remove the most knowledgeable people from the decision making process- the CCO subject matter experts in Pharmacy management.

I believe there is opportunity for the CCOs to potentially align with FFS OHP around the top three classes, which make up 75% of the projected savings per the report from Myers and Stauffer. This would need to involve full participation with the CCOs at the table, in order to devise guidelines that benefit both the CCOs as well as the state.

I thank the Oregon Health Policy Board for your consideration of this matter.

Kelley Burnett, DO
Associate Medical Director
Oregon State Pharmacy & Therapeutics committee, member

Testimony for Amy Burns to the Oregon Health Authority (July meeting)

Thank you for the opportunity to speak. My name Dr. Amy Burns and I am the Director of Population Health for AllCare CCO which serves Jackson, Josephine, Curry and southern Douglas Counties. I am a Managed Care Pharmacist and I have spent my entire career as a Pharmacist working for the Medicaid Population.

I appreciate the Board's interest in Oregon Medicaid Pharmacy.

I believe the Myers and Stauffer Report is a good place to begin the discussion but I would strongly advocate that their recommendations NOT be adopted as written.

The recommendations made by the report are not supported by the text of the report

Most glaringly, the report recommends CCOs abandon their own pharmacy management and adopt the FFS utilization criteria. However, this is not what was studied by Myers and Stauffer. Their report looks at replacing nonpreferred PDL agents with preferred PDL agents without changing the CCO pharmacy management policies. The savings presented are based upon this "swap". We do not know what, or if there would indeed, be savings from their recommendation because that was not studied. There is great potential for unintended consequences.

The Medicaid drug spend (FFS and CCO) for the State in 2017 $422 million. The report presents a maximum potential savings of $8.5 million. **This is a 2% savings in drug spend for the state.**

Enacting the recommendations would affect >44% of the medications filled by our members in 2017. We would no longer have control over almost half of the medications used by our members. This would affect about 1 in 8 AllCare CCO members filling prescriptions

Our current YTD PMPM trend is 0.2% over 2017. That is amazing. We also held the PMPM trend 2017 flat through the year. This is due mainly to aggressive management of the drug mix. The recommendations presented (but not supported) in this report will likely wipe this success out.

Essentially, this report is recommending a carve out of 11 classes of medications without removing the financial risk from the CCOs. Control over what and how medications are covered would solely lay with the OHA while the CCOs would be required to pay for all expenditures.

Potential increases in upfront costs to the CCOs are acknowledged but not presented by Myers and Stauffer. They also do not present solutions to reimburse the CCO for increases in drug spend.

Due to the lack of transparency in the report, we cannot recreate their analysis to calculate the cost. It doesn't seem to be in the spirit of HB 4005. The report recommends the State chase rebate dollars. Secret rebate dollars that are temporary.

Pursing an aligned PDL for the top three classes SHOULD be explored by the CCOS and OHA. Those three classes make up the majority 75% of any projected savings from the Myers and Stauffer report. However, this needs to be a collaborative process between the CCOs and OHA.

I strongly encourage the Board to take this report a starting point for the conversation between CCOs and FFS Medicaid. Changes should not be adopted, however, without agreement between all parties.

Thank you for your time and consideration on this matter.

Dr. Amy Burns, VP of Population Health and Pharmacy Services

Letter from CCO Oregon to the Oregon Health Policy Board

Zeke Smith, Chair
Oregon Health Authority
500 Summer St. NE
Salem, OR 97301

Dear Chair Smith and Members of the Oregon Health Policy Board:

We would like to start by thanking the Oregon Health Policy Board (OHPB) for your collaborative efforts in guiding stakeholders through the CCO 2.0 policy process. It is in that spirit of partnership that the CCO Oregon Pharmacy workgroup presents this comment on the single or aligned preferred drug list (PDL) recommendations presented by Myers & Stauffer at the August 7, 2018 OHPB meeting.

The recommendations in the Myers & Stauffer report titled "Evaluation of a Single or Aligned Preferred Drug List" should not be implemented for the following reasons:

1) Any changes that directly affect current CCOs' pharmacy programs requires that CCOs have a meaningful seat at the table in making these decisions. Recommendations of this magnitude need to have a clear process for discussion between stakeholders, and CCOs have not been given significant opportunity to inform the OHPB of the risks inherent in the current proposal. Given their local expertise, CCOs provide specific strengths within the current process that should be preserved to help ensure appropriate care and cost containment.

2) As written, the Myers & Stauffer recommendations not only leave CCOs out of the decision process, they also sideline the State's subject matter expertise in ongoing pharmacy management.

Finally, we believe that the most appropriate solution to this problem is to align financial incentives by passing any federal rebates through to each CCO so that the state's lowest net cost drug is also the CCO's lowest net cost drug. Without this step, there will be budgetary misalignment that will cripple the CCO's ability to contain costs. Aligning financial incentives addresses the root cause of the problem while still preserving the value associated with CCO formularies and utilization management autonomy.

Again, we appreciate the leadership that the OHPB has taken with this work. We encourage your consideration on this important matter as you weigh CCO 2.0 policy options and related recommendations.

Thank you,

Amy Burns, PharmD, BCPS - AllCare Health CCO

Jim Slater, PharmD - CareOregon

CCO Oregon Pharmacy Workgroup Co-Chairs