Washington Insulin Work Group (WAIG) Meeting #2

August 25th, 2022

Washington State Health Care Authority

Agenda

No.	Agenda Items	Time	Lead
1.	Welcome and Opening Business	20	Mary Fliss – Deputy, Clinical Strategy and Operations, HCA
2.	Review ArrayRx Solutions	40	Leta Evaskus - NW Prescription Drug Consortium Operations Manager
3.	Review SB 5203 (2021) Research Relating to the Distribution or Purchase of Insulin	40	Hayley De Carolis - Center for Evidence-based Policy
4.	*Break*	*10*	
5.	Overview and Discussion of Workgroup Survey #2 Results	60	Brittany Lazur and Mike Bonetto – Center for Evidence-based Policy
6.	Next Steps	10	Mary Fliss – Deputy, Clinical Strategy and Operations, HCA

1. Welcome and Opening Business

2. Review ArrayRx Solutions

3. Summary of SB 5203 Insulin Policy Research

2021-22 SB 5203

- Amended 70.14.060 and added a new section to chapter 70.14.
- Directed HCA to establish partnerships to produce, distribute, or purchase insulin and generic prescription drugs.
- HCA partnered with Center for Evidence-based Policy (CEbP) to work on implementation of SB 5203 (and SB 5195 from the same session). This presentation summarizes some of that work.

Presentation & Report

- Policy research findings for review of best practices for bulk purchasing and distribution on insulin including:
  - California Affordable Drug Manufacturing Act
  - ArrayRx
  - Civica Rx
  - Utah Insulin Savings Program
- Washington-specific insulin policy recommendation
- Other tools and considerations for bulk purchasing and distribution

Policy Research Findings

Policy Research Findings

- California Affordable Drug Manufacturing Act
- ArrayRx
- Civica Rx
- Utah Insulin Savings Program

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- California Affordable Drug Manufacturing Act
- ArrayRx
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- Utah Insulin Savings Program

California Affordable Drug Manufacturing Act (SB 852): Context

- Requires California Health and Human Services Agency (CHHS) to enter into partnerships to produce or distribute generic prescription drugs only if the resulting price realizes savings, addresses market failures, and improves patient access to affordable drugs.
- Cost reductions must be realized by public and private purchasers, taxpayers, and consumers.
- Must develop prioritization criteria for selecting generic drugs with greatest impact on cost reduction (contracting with Johns Hopkins)
- Partnership must produce at least 1 form of insulin (if there is a viable pathway to produce a more affordable form)

California Affordable Drug Manufacturing Act: Key Components

- Spearheaded by California's executive-level leadership
- Intent is to increase access, affordability, and cost savings
- FY 2022-23 budget includes $100 million for **CalRx Biosimilar Insulin Initiative**
  - $50 million for development of California-based insulin manufacturing facility
  - $50 million for contract to develop most popular short- and long-acting types of insulin

Policy Research Findings

California Affordable Drug Manufacturing Act

ArrayRx

Civica Rx

Utah Insulin Savings Program

ArrayRx: Context

- Formerly Northwest Prescription Drug Consortium
- Through contract with Moda Health, ArrayRx operates 5 main services:
  - Pharmacy Benefit Management (PBM) Services
  - Individual prescription drug discount card
  - Voucher programs
  - ASO Rebate Services
  - Medicaid programs

ArrayRx: Key Components

- State government oversight and public-interest mindset
- Full-service PBM program, program and price transparency, audit rights, and 100% pass-through on pharmacy costs and manufacturer rebates
- Potential to act as GPO for insulin effort in Washington
- Discount card program is already operational and covers all FDA-approved drugs

Policy Research Findings

- California Affordable Drug Manufacturing Act
- ArrayRx
- Civica Rx
- Utah Insulin Savings Program

Civica Rx: Context

- 501(c)(4) social welfare organization established in 2018 through collaboration of 7 health systems and 3 philanthropic organizations
- Initial aim: addressing chronic drug shortages by ensuring safe and stable supply that precludes pricing spikes
- Membership includes more than 55 health systems with more than 1,500 hospitals representing 1/3rd of licensed hospital beds in US
- Member health systems jointly prioritize drugs to pursue

Civica's Affordable Insulin Initiative

Drastically Reducing Insulin Cost Through Transparent, Cost-Plus Model

✓ **Produce three insulins at significantly lower prices than insulins currently on the market**	▶ Each insulin, glargine (Lantus), lispro (Humalog) and aspart (Novolog) – will be available in both vials and prefilled pens[3]
✓ **Insulins will be manufactured at Civica's state-of-the-art 140,000 square-foot manufacturing plant, being built in Petersburg, Virginia**	▶ Civica has entered into a co-development and commercial agreement with GeneSys Biologics for these three insulin biosimilars
✓ **Civica plans to sell its insulins at one low, transparent price for all, basing the price on the cost of development, production and distribution**	▶ Civica plans to set a recommended price to the consumer of **no more than $30 per vial** and **no more than $55 for a box of five pen cartridges**

Source: civicainsulin.org

Civica's Affordable Insulin Initiative

Source: civicainsulin.org

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Civica Rx: Key Components

- Single price for all purchasers
  - Contract terms and pricing are transparent and identical for every member
- Funded solely by direct customers and philanthropic organizations
- Initial business lines use existing manufacturing expertise

Policy Research Findings

California Affordable Drug Manufacturing Act

ArrayRx

Civica Rx

Utah Insulin Savings Program

Utah Insulin Savings Program: Context

- Utah Legislature passed H.B. 207 in 2020 “Insulin Access Amendments”
- Insulin discount program within the Public Employees Health Plan (PEHP)
- People with PEHP coverage can purchase insulin at discount, post-rebate price

Utah Insulin Savings Program: Key Components

- Single benefit plan that only includes insulin
- Savings between 50-70% for uninsured participants
- Voluntary sign-ups; outreach through PBM's network of pharmacies, diabetes advocacy groups, pharmacy association
- Uses state reserves to cover program costs while waiting for rebate collection
- Majority of participants are insured, program participation not as high as anticipated

Washington-Specific Insulin Policy Recommendation

Insulin Policy Approach

Competitive Solicitation

- ArrayRx preferred price for insulin
- Consumers would access low price + rebate at point-of-sale

Discount Card Program

- Targets uninsured and those with private insurance (particularly those with HDMP)
- Leverages ArrayRx discount card to create benefit population

Insulin Policy Approach: Target Populations

- Uninsured
- Privately Insured
- Government-purchased plans
  - Only if suite of diabetic agents is included in solicitation

Insulin Policy Approach: Opportunities

- Leverages existing ArrayRx discount card infrastructure
- Leverages ArrayRx's negotiating power following active recruitment
- Civica Rx could be potential source of insulin for non-Medicaid populations
- Ensures simplicity for government-purchased plans by continuing their existing benefit process

Insulin Policy Approach: Operational Considerations

- ArrayRx operations not affected by SB 5610
  - "Requiring cost sharing for prescription drugs to be counted against enrollee's obligation regardless of source"
- HCA would backfill cash flow gap with state funds until rebate is received from drug manufacturer
- Would require enough time for HCA and ArrayRx to complete competitive procurement process which could take 6-12 months

Other Tools and Considerations

Other Tools and Considerations

- State-Run Manufacturing
- White-Labeling Program
- Public Health Distributor

State-Run Manufacturing

Estimated investment of $300 million over 4-5 years

- Includes significant investment in terms of time, cost, and staff expertise

Must secure needed authorization approvals from the FDA for an Abbreviated New Drug Application (AND)

White-Labeling Program

Less expensive and quicker than state-manufacturing

- Would require state level license as manufacturer or wholesale entity and then building of warehouse capabilities to receive drugs for distribution

Obstacle: manufacturers have little incentive to offer meaningful discounts from existing generic prices

- Our research shows it would require purchasing volume guarantees for 5 years was generally necessary for price concessions
- Important consideration given introduction of generic insulins increasing in the next 12-36 months

Public Health Distributor

- Leverages experience from the Washington State Liquor Control Board model
- Public health distributor would purchase and distribute drugs that align with state's public health mission (e.g. insulin, hepatitis C)
- Would require pharmacy license and whole licenses to purchase and take possession of drugs
- Would require new funding source
- Could leverage ArrayRx mail-order pharmacy services ArrayRx discount card

4. Break (10 minutes)

5. Workgroup Survey #2 Results

Survey Respondents
(13 respondents)

Respondents	Survey 1	Survey 2
Benefits Managers	2	1
Distributor/Wholesaler	1	1
Pharmacies	1	0
Purchaser	1	0
Health Carriers	0	1
Patient/Representative	3	4
Regulator	2	2
State Agency	3	3
Not Specified	0	1
Total	**13**	**13**

Population Prioritization - On a scale of 1-5 (with 5 stars being Strongly Support), how strongly would you support focusing on the uninsured population first versus the commercially insured?

Number of Votes by Scale Value		
Voting Scale	**Commercially Insured**	**Uninsured**
1	5	1
2	0	1
3	4	1
4	0	1
5	4	9
Average Score	**2.8**	**4.2**

How would you rank the two populations – uninsured and commercially insured - in order of priority? (0) to lowest priority (1) highest priority

Number of Votes by Scale Value		
Voting Scale	**Commercially Insured**	**Uninsured**
n/a	4	4
1	4	5
2	5	4
% Highest Priority	**38%**	**31%**

n/a = no answer(s) provided

What, if any, feedback do you have for the work group to consider around focus areas on different patient populations?

- **Patients on insulin pumps may have higher out of pocket expenses.** Patients using CGM and testing supplies may have higher total expenditures beyond insulin.
- The **uninsured are the most vulnerable** of us and should be placed as the highest priority. I don't want anyone to be forced to ration insulin because of cost. It's a nightmare juggling the cost of one's insulin, so aging rent, affording food, generate savings and so much more.
- My concern is that if you only prioritize a **30 day emergency supply that is not a long term solution** for the uninsured.
- We should **mitigate patient costs to the full extent possible.** The costs to patients of lack of treatment are more consequential than to Carriers, PBMs and Manufacturers. Get the patients out of the middle.

What, if any, feedback do you have for the work group to consider around focus areas on different patient populations?

- Some of the manufacturers have certain programs that provide for the uninsured. It is unclear if access to some clinics that offer those is restricted, or the programs will end or where not well advertised. The **priority for commercial insured stems from the diversity of plans and the level of impact to some prior to reaching deductibles.**
- We believe **both populations are important** to consider.
- These are the **same people, simply at different times in their lives.** Insured people can become uninsured during transitions and unexpectedly. We are all vulnerable.

Emergency Supplies - On a scale of 1-5 (with 5 stars being Strongly Support), how strongly would you support discussing the Minnesota's Alec Smith Insulin Affordability Act versus a 30-day emergency supply proposal?

Number of Votes by Scale Value		
Voting Scale	**Emergency Supply**	**Minnesota Act**
1	1	1
2	1	1
3	2	0
4	0	3
5	9	8
Average Score	**4.2**	**4.2**

How would you rank the two proposals – the Minnesota Act and 30-day emergency supply - in order of priority? (1) to lowest priority (2) highest priority

Number of Votes by Scale Value		
Voting Scale	**Emergency Supply**	**Minnesota Act**
n/a	4	4
1	5	4
2	4	5
% Highest Priority	**31%**	**38%**

n/a = no answer(s) provided

What, if any, feedback do you have for the work group to consider around emergency supply access?

- To **include syringes or pen needles** depending on type of insulin dispensed
- I'm not clear if the workgroup's role allows time to be focused beyond the required 30-days.
- These are both great pathways forward but a **90 day supply would mean a world of difference.** It can take time to find a provider, get a prescription, and fill it, so 90 days would be more beneficial.
- The **process needs to be clear and easy** for both the pharmacy and the person with diabetes.
- To reiterate, we should **strive to get the patient out of the middle.** Access to affordable insulin and associated supplies, including for glucose monitoring.
- Due to the chronic nature, the **30 day supply is just a band aid.**

What, if any, feedback do you have for the work group to consider around emergency supply access?

- **Remove as many barriers for patients as possible.** Insulin is as essential as water, but much less accessible. People who are having difficulty affording insulin, may have difficulty affording a dr visit to obtain a prescription. They may also have difficulty paying for insulin delivery and glucose monitoring supplies which allow for proper and safe insulin dosing.

Access to State-negotiated Price - On a scale of 1-5 (with 5 stars being Strongly Support), how strongly would you support exploring access to state-negotiated prices through ArrayRx versus collaborations with other states?

Number of Votes by Scale Value		
Voting Scale	**State Collaborations**	**ArrayRx**
1	0	1
2	1	2
3	2	2
4	2	2
5	8	6
Average Score	**4.3**	**3.8**

How would you rank the two proposals – ArrayRx and State Collaborations - in order of priority? (1) to lowest priority (2) highest priority

Number of Votes by Scale Value		
Voting Scale	**State Collaborations**	**ArrayRx**
n/a	5	5
1	6	2
2	2	6
% Highest Priority	**15%**	**46%**

n/a = no answer(s) provided

What, if any, feedback do you have for the work group to consider around potentially expanding access to state-negotiated insulin prices or state partnerships?

- Ability to **integrate data and publish on total diabetes impact and improved outcomes** toward health with this initiative
- Both of these are excellent ideas. **Understanding the time and effort required** to implement these ideas would be helpful to accurately rank.
- **Either option could be the best long term solution** for those with out insurance or those in ERISA plans that do not have to comply with the state insulin co-pay cap.
- **I need to understand more about the cost/benefit** of these two options to make and informed decision.
- **State partnerships might be the last option** to address the lack of a federal fix to address the insulin crises outside of some classes of beneficiaries. Supply issues and shortages down the line would result in further price increases and these issues will come back, if a temporary fix is accepted as the solution.
- State to state partnerships could **improve our resiliency to potential supply chain issues**

Data Transparency - On a scale of 1-5 (with 5 stars being Strongly Support), how strongly would you support exploring data transparency efforts related to the price of prescription?

Number of Votes by Scale Value	
Voting Scale	**Data Transparency**
1	0
2	0
3	5
4	4
5	4
Average Score	**3.9**

What, if any, feedback do you have for the work group to consider around drug pricing data transparency efforts?

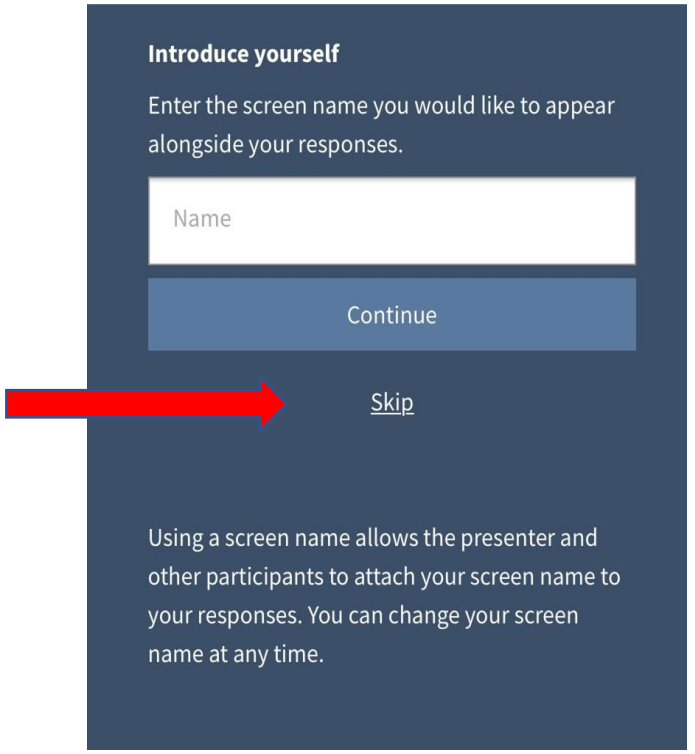
- State mandated drug pricing transparency **may run into authority arguments from PBMs**
- While transparency is very important. **This has proven to be hard to get.** Often the supply chain entities claim **"proprietary" information** and therefore they aren't able to disclose information.
- Transparency efforts should **focus on pharmaceutical manufacturer pricing not negotiated reimbursements** from various commercial health plans.
- Transparency is important, however,**the current efforts are not providing sufficient insight.** Unless we are confident that the information can be procured, I am concerned about the efficacy of this effort.
- **The issues regarding confidentiality and trade secrets would delay any work**, but the efforts might be worth it.
- The state already has a robust transparency reporting requirement, **we don’t believe additional transparency measures would lower drug costs.**

Any additional feedback you wish to provide?

- Would like for **total diabetes management** as well as **weight and co-morbidities** such as cardiac and renal implications to be discussed as well toward a Healthy WA campaign.
- **Rebate reform** might be something to consider as another option to help those with insurance.
- The group should **consider how the cost of other diabetes medicines (prescribed usually before the injectable insulin) are pushing patients to switch to insulin sooner since that is a cheaper option.** At least, some open discussion on these concerns might be useful for the group and discuss if these concerns have been shared by the diabetes community.
- I recently heard of a **state patient assistant program for PREP to prevent HIV.** We **could do this as a last resort** for people who need insulin.

Poll Everywhere Participation

- Navigate to the link **PollEv.com/cebpohsu300** and wait for the question prompts on your screen
- You should be able to click on link in the chat feature
- If you wish to be anonymous, select the skip option if/when prompted to enter your name
- Your device will automatically advance you to the active poll
- Results will appear on the screen after you answer; you can change your response if you wish



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On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support the work group exploring options to provide access to state-negotiated insulin prices through the ArrayRx Solutions for all Washington residents:

On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support further evaluating a recommendation for Washington to collaborate with other state or non-profit insulin programs (i.e., Utah, California, and non-profit manufacturers):

How would you rank these two policy options in order of priority?

Access to state-negotiated insulin prices through the ArrayRx Solutions for all Washington residents

Collaborate with other state or non-profit insulin programs

6. Next Steps

Timeline

Task/Deliverable	Date
Total Cost of Insulin Workgroup #1	*July 8, 2022*
Preliminary report due	*August 12, 2022*
Total Cost of Insulin Workgroup #2	August 25, 2022
Total Cost of Insulin Workgroup #3	October 27, 2022
Total Cost of Insulin Workgroup #4	December 6, 2022
Draft of final legislative report due	February 13, 2023
Total Cost of Insulin Workgroup #5	March 16, 2023
Final legislative report due	March 31, 2023

Questions?

HCAPharmacyStrategy&Innovation@hca.wa.gov

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