NCSL Insurance Task Force Session

Drug Pricing and Cost Transparency

Dana Malick
Senior Director, State Policy

May 18 2019
In the midst of incredible scientific progress, medicine cost growth is declining.

- **Express Scripts®**
  - 2017: 1.5%
  - 2018: 0.4%

- **CVS Health®**
  - 2016: 3.2%
  - 2017: 1.9%

- **IMS Health & Quintiles are now IQVIA**
  - 2016: 3.9%
  - 2017: 0.6%
Flow of Payment for a $400 Insulin
(Patient Is in Deductible Phase)

- **Manufacturer**: Retains $88.00
  - $18.00 fee
  - $400.00 purchase price

- **Wholesaler**: Retains $2.00
  - $384.00 purchase price

- **Pharmacy**
  - Scott Spends $408.00
  - $0.25 fees
  - $1.50 dispensing fee
  - $408.00 pays above full price

- **PBM**: Retains $53.75
  - $240.00 rebates and fees
  - $1.00 admin fee

- **Health Plan / Plan Sponsor**: Retains $239.00
  - $294.00 rebates/fees

This graphic is illustrative of a hypothetical product with a WAC of $400 and an AWP of $480. It is not intended to represent every financial relationship in the marketplace.
# Share the Savings: Premium Impact Analysis

## Annual Cost Impact to Patients in Integrated Deductible Plans

<table>
<thead>
<tr>
<th>State</th>
<th>Colorado</th>
<th>Michigan</th>
<th>Ohio</th>
<th>New Hampshire</th>
<th>Nevada</th>
<th>South Carolina</th>
<th>Washington</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Maximum Savings</strong></td>
<td>$2,190</td>
<td>$1,740</td>
<td>$1,900</td>
<td>$1,740</td>
<td>$1,820</td>
<td>$2,360</td>
<td>$1,800</td>
</tr>
<tr>
<td><strong>Average savings for patients with diabetes</strong></td>
<td>$590</td>
<td>$510</td>
<td>$700</td>
<td>$610</td>
<td>$600</td>
<td>$820</td>
<td>$570</td>
</tr>
<tr>
<td><strong>Average savings for patients with asthma</strong></td>
<td>$270</td>
<td>$210</td>
<td>$260</td>
<td>$220</td>
<td>$230</td>
<td>$300</td>
<td>$220</td>
</tr>
<tr>
<td><strong>Premium Increase for Modeled Plan</strong></td>
<td>$49.71 (1%)</td>
<td>$45.72 (1%)</td>
<td>$65.87 (1.4%)</td>
<td>$43.98 (1%)</td>
<td>$51.10 (1.2%)</td>
<td>$80.07 (1.4%)</td>
<td>$71.73 (1.6%)</td>
</tr>
</tbody>
</table>
Colorado HB 19-1296

Name: Mary

Disease Type: Diabetes

Plan Type: High deductible health plan with coinsurance

Out-of-pocket Costs: $2,500 Annually

Amount Saved if Middlemen Shared the Savings: $700 Annually

Sharing all of the negotiated rebates and discounts with patients may increase premiums 1 percent or less*
Thank You!

Dana Malick
dmalick@phrma.org