

HOUSE COMMITTEE ON
AUDIT & HUMAN SERVICES BUDGET REFORM

April 08, 2003 Hearing Room 50
3:15 PM Tapes 88 - 89

MEMBERS PRESENT: Rep. Ben Westlund, Chair
 Rep. Steve March, Vice-Chair
 Rep. Jeff Kruse
 Rep. Jeff Merkley
 Rep. Alan Bates

MEMBERS EXCUSED: Rep. Randy Miller
 Rep. Susan Morgan, Vice-Chair

GUEST MEMBERS: Rep. Mitch Greenlick
 Rep. Laurie Monnes Anderson
 Rep. Carolyn Tomei

STAFF PRESENT: Rick Berkobien, Committee Administrator
 Kelly Fuller, Committee Assistant

ISSUES HEARD: Informational Meeting - Invited Testimony Only
 Fully Capitated Health Plan's Management of Prescription Drugs
 Patricia Gibford, CEO, Central Oregon Independent Health Services
 Chris Kirk, MD, Mid Valley Independent Physicians Association

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 88, A		
003	Chair Westlund	Opens the informational meeting and asks staff if they have any announcements.
<u>INFORMATIONAL MEETING</u>		
010	Berkobien	Gives an explanation of the information presented by staff at the dais. (EXHIBIT A) .
016	Chair Westlund	Introduces the witnesses and calls them to the dais.
025	Pat Gibford	Introduces herself presents her testimony (EXHIBIT B) and begins her presentation.
093	Rep. Monnes Anderson	Asks for a definition of what the 30-69 means.
096	Gibford	Gives an explanation that it is the average per member per month for our Oregon Health Plan membership and elaborates.
103	Rep. Greenlick	Asks if that means the dispensing fee is less than two dollars per prescription.
106	Gibford	Responds yes and Continues presentation.
112	Chair Westlund	Asks if this if for Feb. 2003 or as of Feb. 2003 and asks if 98 percent of your drugs we formulary drugs then 1.95 percent were non formulary drugs, so you went through your prior authorization process.
132	Gibford	Responds yes and continues.

138	Rep. Tomei	Asks what class of drugs would those be.
143	Gibford	Comments that there are not mental health drugs in here and explains and continues.
172	Berkobien	Asks if there is an appeal process that you have to go through.
177	Gibford	Responds yes and usually it is the physicians and explains.
212	Rep. Kruse	Asks for the definition of PAR.
215	Gibford	Gives explanation that PAR is Prior Authorization Required
220	Rep. Kruse	Comments for clarification that you have to get prior authorization for formulary drugs and some other drugs on the list. Asks if it is a different process.
223	Gibford	Responds no, and explains.
228	Rep. Kruse	Asks why is there then a generic drug on page two (EXHIBIT B) requiring prior authorization.
243	Chris Kirk	Introduces himself as the Medical Director for Mid-Valley Individual Physicians Association and responds to the question on page two of (EXHIBIT B).
261	Rep. Bates	Asks what was the process to make a choice on what was on and what was off by the pre-authorization required list.
308	Gibford	Comments that the decision process was multi-faceted and elaborates.
316	Rep. Bates	He noticed that you use a PBM (Pharmacy Benefit Manager) and yet you say a PBM doesn't fill all the needs you have because they don't have the relations between you and your physicians.
320	Gibford	Responds to some degree that is correct and elaborates.
329	Rep. Bates	Asks if someone wanted to approach you would they go through you or the PBM.
314	Gibford	Responds that they would go through the PBM. Continues presentation.
331	Berkobien	Asks how your formulary compares with the drug class list that the state is using.
342	Gibford	Responds to the drug class list and end her presentation.
366	Kirk	Begins his presentation. (EXHIBIT C)
TAPE 89, A		
110	Rep. Tomei	Curious about the remarks that some people choose not to go for rebates, could you explain.
113	Kirk	There are people in the industry that feel that the rebate strategy is un-ethical.
108	Rep. Tomei	Asks why they think it might be un-ethical.
111	Kirk	Responds and elaborates.
120	Rep. Merkley	Asks if this is just an overall strategy to reduce drug prices.
127	Kirk	Responds yes.
129	Chair Westlund	Makes comments about pharmaceutical rebates.
135	Rep. Merkley	Does the rebate come as a check or as a discount on the bill.
140	Kirk	Responds that they will give you an estimated rebate and explains.
160	Berkobien	Comments about a national hearing that involved some of the larger PBM's, getting rebates themselves and sharing with their consumers but not wanting to say how much they were getting themselves, are your PBM's open with the type of medications that they might promote to you and how do you deal with that.
170	Kirk	Responds if their rebates are based on a PBM you need to watch them and elaborates.
177	Gibford	Adds to the comments.
182	Rep. Tomei	Asks the more drugs you use the higher the rebate.

186	Kirk	Responds yes.
188	Gibford	Also responds with an analogy.
192	Rep. Bates	Asks if they ever audit their PBM.
194	Gibford	Responds no, they have not.
196	Kirk	Responds that they have not found a company to audit.
212	Chair Westlund	Asks why don't they use AEL to audit their PBM's.
215	Kirk	Responds that they do on an ad-hoc basis and explains.
242	Rep. Kruse	Asks if AEL checks to make sure that you are getting the best rebates possible.
246	Kirk	Comments when advanced PCS gives us a recommendation we ask AEL for their advise.
249	Rep. Kruse	Asks if they save them money.
253	Kirk	Responds yes and elaborates.
	Rep. Greenlick	Asks what the difference in price is.
	Kirk	Responds approximately 1 dollar per pill.
291	Rep. Merkley	When you said that they settled for 5 million are you talking about a rebates of which you would have gotten a share or that's a payment that is completely independent from the rebates.
293	Kirk	Comments no, they would not have seen a dime of that and elaborates.
304	Rep. Merkley	Comments that you mentioned the clause you use and is it an unusual provision and will they allow you to do that again.
313	Kirk	Responds that he does not know and continues.
381	Berkobien	Asks if they use pill splitting.
386	Kirk	Comments that they do not have a formal policy on that but have made it an educational piece.
394	Berkobien	Can you ball park the costs in pill splitting if you did do a mandatory policy.
402	Kirk	Makes comments about pill splitting if it was mandatory.
TAPE 88, B		
007	Vice Chair March	Comments that there are some drugs that do qualify for pill splitting.
011	Kirk	Comments that, that is exactly right and explains that they have material on that fact and continues presentation. (EXHIBIT C)
065	Rep. Greenlick	Asks if he did anything in his education and community in unnecessary prescriptions of antibiotics and etc.
071	Kirk	Responds that they have not found an opportunity there yet and comments about academic detailing.
076	Rep. Greenlick	Comments that it has not proven to be do effective when you evaluate it.
079	Kirk	States that it made an impact and continues.
082	Rep. Greenlick	One way is to look at the prescription utilization rates, have you done that.
088	Kirk	Responds whether or not they have looked at those rates and give examples.
102	Gibford	Comments that we have done some sorts of those things and explains.
120	Rep. Tomei	Asks how they handled the incident discussed.
122	Kirk	Responds that they have not done that yet and explains.
137	Rep. Tomei	With something not on the formulary do the customers have to pay for that themselves.
149	Berkobien	Can you speak generally about how the OHP formulary cost compare to some of the commercial products.

151	Gibford	Responds that it is difficult to compare and makes general comments about why.
164	Rep. Tomei	Would it be safe to assume that most of the population is older..
169	Gibford	Comments no, that most on Medicaid are in their 20's.
172	Vice Chair March	Reiterates the question to make more clear and asks what would cause the difference in the OHP population and the commercial.
177	Gibford	Responds with an educated guess.
206	Kirk	In summary says in trying to control the pharmacy costs and having worked for 5 states at a time, the local relationships in Salem make a difference and it really does work.
222	Vice Chair March	Calls meeting to a close and adjourns 4:30 pm

EXHIBIT SUMMARY

A – Informational, prepared material, staff 2 pp

B – Informational, prepared testimony, Pat Gibford, 38 pp

C – Informational, prepared testimony, Chris Kirk, 19 pp