

HOUSE COMMITTEE ON
AUDIT & HUMAN SERVICES BUDGET REFORM

April 09, 2003 Hearing Room 50
3:15 PM Tapes 90 - 91

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

MEMBERS EXCUSED: Rep. Randy Miller
 Rep. Susan Morgan, Vice-Chair
 Rep. Jeff Merkley
 Rep. Alan Bates

GUEST MEMBERS: Rep. Carolyn Tomei
 Rep. Mitch Greenlick
 Rep. Gordon Anderson

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

ISSUES HEARD: Invited Testimony
 Informational Meeting

Pharmacy Perspective on the House Audit Committee's Recommendations
Tom Holt, Oregon State Pharmacists Association
Mike Douglas, Mike's Medical Pharmacy

Pharmaceutical Industry's Perspective on House Audit Committee's
Medicaid Cost Containment Recommendations
Don Stecher, Novartis Pharmaceuticals
Anne Tweedt, Bristol-Myers Squibb Co.
Jim Gardner, Pharmaceutical Research and Manufactures of America

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 90, A		
003	Chair Westlund	Calls the meeting to order and notes that the witnesses are not in the room and calls the meeting to recess until 4:00 pm to hear testimony from Tom Holt. Meeting is in recess 3:15 pm
<u>INFORMATIONAL MEETING</u>		
010	Chair Westlund	Calls meeting to order 4:00 pm and invites Tom Holt to begin his testimony and opens the informational meeting.
015	Tom Holt	Oregon State Pharmacist Association introduces himself and presents his testimony and begins presentation. (EXHIBIT A-C) .
099	Rep. Tomei	Asks why wouldn't the pharmacist go to generic automatically for Prozac.
103	Holt	Describes the process for filling prescriptions. Continues

		presentation. Makes comments about the article he brought with him. (EXHIBIT D) .
145	Rep. Greenlick	Makes comments that he was part of the study discussed in that article.
152	Holt	Continues presentation.
295	Rep. Greenlick	Asks how he sees the capitation rate working with pharmacy.
300	Holt	States that, that is not what he was talking about and makes his comments more clear and continues.
352	Rep. Greenlick	Comments about (EXHIBIT C) .
TAPE 91, A		
006	Holt	Responds about the questions on (EXHIBIT C) .
021	Rep. Tomei	Asks why is it that fee for service gives a better rebate than Managed Care.
026	Holt	Responds that it becomes a numbers game of who has the biggest pot and who has the most leverage.
030	Rep. Tomei	Asks if the state had a Managed Care program they could get the same rebate.
032	Holt	If the state had everyone under single management, and one would assume a single drug list, the state could maximize their drug rebates and continues presentation and extends a comment that OMAP has been doing great work over there.
061	Chair Westlund	Thanks Tom for the thank you to OMAP.
062	Rep. Tomei	Needs clarification about what he was saying about Arizona.
068	Holt	Gives clarification about how he feels their process works.
072	Berkobien	Asks if their dispensing fee is on this chart as well.
075	Holt	Responds no, it is not.
078	Berkobien	Asks where this chart came from.
081	Holt	Responds that they just made it this morning as a result of a meeting with OMAP.
085	Rep. Greenlick	Want to elaborate more on Rep. Tomei's question, he thinks that there is an assumption that you can create a virtual managed care piece for the drugs and elaborates.
105	Holt	Responds that CMS would be able to deliver an answer of whether or not they will let them take this approach and elaborates.
125	Rep. Greenlick	Lets say CMS says it is ok, asks it is then feasible.
128	Holt	Responds about its feasibility.
133	Mike Douglas	Mike's Medical Pharmacy introduces himself as a small pharmacy owner in Newberg and fills prescriptions for Oregon Health Plan patients and begins his testimony.
252	Rep. Tomei	Asks if a physician has sat down and had a conversation with this man you are discussing.
258	Douglas	Responds why this man that he discussed is falling though the system.
290	Rep. Greenlick	Comments that he is painting a bleak picture but the ultimate point is the important one and he bets the physician has spent twenty five or thirty minutes in the last couple of years in a frustrated conversation not having the tools to do anything, but it is very hard in the health care system to have that constant feedback with the patients and as a pharmacist you may have the time to do that.
336	Douglas	Comment that some of these folks can only see the physicians only so many times per year and comments that they have a greater chance to make an impact on these people and elaborates.

TAPE 90, B

001	Rep. Greenlick	Asks if the model he portrays a reality for the larger pharmacies.
011	Douglas	Makes his comments about what he believes is a reality for these larger pharmacies.
040	Rep. March	Asks if Ned is still operating in Newberg and what is the percent of people on eight or more drugs.
045	Douglas	Gives the percentages of those on eight drugs or more and responds yes, that Ned is still operating in Newberg.
050	Chair Westlund	Thanks them for their testimony and call the next witness to the dais.
060	Jim Gardner	Oregon Counsel for PhRMA introduces himself, presents testimony (EXHIBIT E) and begins presentation.
120	Rep. Greenlick	Asks if he thinks this is feasible for the larger pharmacies.
124	Gardner	Responds yes, it will take some considerable management but could be feasible. Continues presentation.
130	Rep. Kruse	Asks if there is an advantage to being multi-state rather than just Oregon.
145	Gardner	Can't answer that specifically but elaborates on that pool verses others.
151	Chair Westlund	Asks aren't we Federally statutorily entitled to get the lowest transacted price to a public entity.
152	Gardner	Responds yes, if you are the purchaser.
155	Chair Westlund	Comment that it would be for the same quantity.
157	Gardner	Comments that that would be for Medicaid purchases, but you make other kinds of purchases.
158	Rep. Kruse	Comments that we are speaking about Medicaid in this instance.
159	Gardner	Doesn't think on the Medicaid side that the group purchasing will yield you additional savings, but it could for other agencies.
160	Rep. Greenlick	Asks is it not true that it is the lowest price for the same quantity.
165	Gardner	Responds no.
168	Chair Westlund	Asks Don if he could write some of this down and get back to us and elaborates.
173	Rep. Kruse	Gives an example of one of the fears going into Minnesota that isn't Medicaid is that we may actually be worse off on the Medicaid side by that pooling than we are just being as a state with the Medicaid purchase and elaborates.
182	Don Stecher	Introduces himself and elaborates on the issue of the prices that different states are receiving.
201	Chair Westlund	Comment that if he could flesh that out for us that would be great.
204	Rep. Greenlick	Makes questions about special pricing on the direct institutions.
210	Stecher	Responds that he will look into that.
220	Gardner	Continues presentation.
285	Chair Westlund	Comments about the direction that the committee is going, when this is all said and done and hopefully adopted the fee for service population at least 95 percent of them will go into Managed Care and they will present a card not similar to, exactly the same because they will be members of an enrolled managed care plan, that will be your key point, why managed care works and be responsible for the risk of that patient.
304	Gardner	Comments that is wonderful, because that has always been the direction of the Oregon Health Plan. Continues presentation.

TAPE 91, B

008	Rep. Greenlick	Comments that the issue is that the best physicians clinical
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		judgment is actually has some basis and there is a whole lot of evidence that the physicians best clinical judgment in situation where there is no scientific evidence is essentially a mental flipping of the coin or it's equivalent or worse and elaborates.
022	Gardner	Comments that those were very interesting points and elaborates.
050	Rep. Greenlick	Comments that this is a central issue and would like to discuss this at a later date.
055	Chair Westlund	Would like this to wrap up soon as we are twenty five minutes past five and he is concerned about staff getting out of here.
060	Gardner	Continues presentation.
095	Rep. Greenlick	Comments that the basis assumption that drug A is no better than drug B.
102	Gardner	Responds to the basis assumption.
110	Rep. Greenlick	Comments what his approach would be. The question is, when you have more than two drugs, the physicians are at a loss, when drug A doesn't work try drug B.
120	Gardner	Responds to the comments about the different approaches.
137	Rep. Kruse	Comments that it clearly becomes an asset test.
142	Gardner	Comments that they wanted to put it on the table because it is an expenditure.
145	Rep. Kruse	I think this is a question to throw at Rep. Shetterly and have him get back to us on it.
154	Chair Westlund	Calls meeting to a close and adjourns 5:33 pm.

EXHIBIT SUMMARY

A – Informational, prepared testimony, Tom Holt, 1 p

B – Informational, prepared testimony, Tom Holt, 1 p

C – Informational, prepared testimony, Tom Holt, 1 p

D – Informational, prepared testimony, Tom Holt, 1 p

E – Informational, prepared testimony, James Gardner, 5 pp